

PAYMENT OF RECYCLING CREDITS

(Report by the Head of Operations)

1. PURPOSE

- 1.1 The purpose of this report is to seek approval for the changes in payments to owners of mini bring recycling sites.

2. BACKGROUND

- 2.1 Cabinet previously approved (Minute 85, 21 January 2010) that the future payment of recycling credits from April 2011 be done on equitable division which ensures that the full costs of managing and operating the bring sites is met from the income received. Due to the inclusion of glass in the kerbside recycling bin, the tonnage of that material has reduced so significantly, that the council's costs are now greater than the income being received from the recycling credit payment by Cambridgeshire County Council.
- 2.2 Further to this Cabinet approved the phased removal of glass recycling banks from the mini recycling sites in the district and the introduction of banks for other recyclates such as textiles, books shoes etc from April 2011.

3. OVERVIEW

- 3.1 To support the need to recycle the Council sought to set up mini recycling centres on 3rd parties land. To facilitate this in some instances, the Council agreed to pay the recycling credits for the tonnage of material recycled to the owner of the land. The Council at the time bore the full cost of managing and operating the sites. The approval in January 2010 to take the Councils costs from the income, as from April 2011, means that, following the significant reduction in the amount of glass collected from the bring sites, the site owners will in effect no longer receive any income.
- 3.2 The proposal in January of last year was to try and replace glass banks with other banks, such as textiles, provided by third party recyclers and for the recycling credits for these new banks to be given to the site operators in lieu of rent after the Councils costs had been deducted.
- 3.3 In working with partners an opportunity arose for the Council to procure provision and collection services for a number of materials from the bring sites and thereby obtain better prices. The procurement of these services has now progressed to the contract awards. Unfortunately in respect of glass the present low market conditions have resulted in high tender prices. This has led to one partner deciding they can get a better price elsewhere for paper and glass and therefore, we are unable to award a contract for those materials. Consequently, we are currently investigating other options for the collection of these materials.
- 3.4 The new contract in respect of textile recycling banks means that the council will receive an income for textiles guaranteed for the 5 year term of the contract. The contractor will provide the banks and arrange emptying at no cost to the Council. Therefore to maximise the income we need to get as many banks out as possible on existing bring sites. As we will be removing a lot of glass recycling banks this will provide space for the textile banks and in the spirit of partnership it was initially

thought we could continue to pay the recycling credit for this material to the Town and Parish Councils, as agreed in January 2010, to encourage them to have the textile banks on their sites. However, a recent announcement by the County Council to not pay recycling credit on reuse means that for textiles we would have a significant reduction, possibly as much as 87%. This would not provide an incentive to the owners to continue to have banks on their land.

- 3.5** The alternative is to use some of the income from the textiles contractor to pay the owners. There are a number of different options, but it is not a simple matter if administration costs are to be kept to a minimum. The options are:-

Option 1

- Continue paying each parish/town council, where textile banks are placed (as set out in Appendix A), the same as they received last year. If the payment was the same as they received last year from the glass recycling credits there would be no detriment to them and it would provide an incentive for them to have a textiles bank. However, the amount of textiles recycled per site may vary from the amount of glass recycled, and this could lead to problems at sites where more tonnage of textile is collected than previously with glass.

Option 2

- Pay per tonne of textiles collected. The fairest way of paying the incentive would be per tonne and as the contractor has on-board weighing on their collection vehicles this can be done. There will be additional administration costs associated with this option in calculating payments but it is considered this option does provide the best method incentivise site owners to promote textile recycling.

Option 3

- Fixed payment. The alternative therefore is to provide some type of fixed payment, such as a site rent for having the banks on their land. This could create a precedent and if textile prices fall could result in a cost to the council, therefore it is suggested that this option is not pursued.

- 3.6** As textiles are a major contaminant of the recycling bin it would be beneficial if more textile bins could be put out and this would make it easier for residents to use them, and in doing so reduce the amount of contamination in the kerbside recycling bins. Currently 63 site owners receive recycling credit payments for glass and some for paper. However, as from the 1st April we will initially, only be able to put out textile banks on 35 sites many of which are on Council controlled land, but if the current site owners request a textile bank, we will, following an assessment and agreement by the contractor, site a bank there. A lot of the smaller recycling sites will not be suitable for textile banks because of the cost of providing and servicing the bank.

4. FINANCIAL IMPLICATIONS

- 4.1** The Council last year paid £40,404 in recycling credits to parish and town councils and option 1 looks to pay on the previous performance for glass. This would therefore, be the maximum we would pay under Option 1 for having textile banks on 3rd party sites but if the proportions across the sites differ then this could lead to complaints from other site owners where they are collecting more but not being rewarded for it. The payments for 2010/11 are set out in the table in Appendix A.
- 4.2** The payment per tonne, Option 2, does provide the fairest means to make payments as it is based on performance. However, it does cost more to administer but as the contractor has on-board weighing equipment the site specific information can be easily downloaded and sent in an electronic format. The payment on performance of the bank will also provide an incentive for the site owner to promote the usage of the textile banks and therefore maximise income for themselves and the Council. The administration cost to the Council will be

offset hopefully by an increase in income and a reduction the contamination of the kerbside bin. It is suggested that £150/tonne is paid to the site owners and the table in Appendix 2 sets out how many tonnes they would need to generate from the sites to receive the same as they did last year if they had a textile bank on their site.

- 4.5** The award of a contract for textiles will result in an income to the council of approximately £106,000 per annum and should site owners take up the offer of a textile bank approximately £40,400 would be paid to the site owners leaving a net income to the Council of £65,600. If tonnages increase then the site owner will benefit from this as would the Council. There are no direct costs to the Council from this contract, as the contractor provides and services the bins. There will be a small indirect cost in assessing the payments to the site owners but this can be absorbed within the current service costs. The availability of the banks should hopefully encourage greater use by residents and therefore it is expected the tonnage and therefore the income will be greater than estimated.

5. LEGAL IMPLICATIONS

- 5.1** There are no legal implications in approving the recommendation.

6. OVERALL SUMMARY

- 6.1** The parish/town councils will not, if the previous decision is implemented, receive an income for the next financial year from the payment of recycling credits for glass collected from their sites. It is considered therefore that an alternative form of income is necessary to encourage them to have recycling banks on their land. The suggestion of using some of the income from textile recycling is considered the best way of doing this whilst still ensuring the Council receives an income from textile recycling/reuse.
- 6.2** The removal of some of the glass banks will not affect recycling performance to any great extent because of the availability and ease of using the kerbside recycling scheme.

7. RISKS AND SENSITIVITY

- 7.1** There is a slight risk in approving the recommendation because the contract price can vary with the market conditions and therefore the amount the Council is being paid will reduce. However, this can be mitigated by having varying the amount paid to site owners accordingly so if the price goes up they receive more pro rata per tonne and vice versa if the price goes down. The parish and town councils will therefore receive an income for having the recycling banks on their land based on the performance of the bank and adjusted for market conditions. The continuing payment, it is considered, will result in owners wishing to have banks on their land. Further this proposal supports partnership working and the new localism agenda.
- 7.2** If the recommendation is not approved then there is a risk that we will be requested to remove recycling banks from the sites, with the effect on income and probability of a relationship risk following the loss of income to parish and town councils.
- 7.3** It is hoped that by continuing to make payments to the site owners the risk of them asking for bins to be removed will be mitigated.

8. CONSULTATION AND COMMENTS

- 8.1** Parish and town councils have been contacted regarding possible changes to the arrangements but no detailed consultation on the proposal has yet been

undertaken. However, the fact that income will still be forthcoming from the siting of textile recycling bins, it is thought will be well received by the site owners.

9. CONCLUSIONS

- 9.1** It is concluded that continuing to pay town and parish councils for the siting of textile recycling banks will continue to engender a good partnership relationship and provide a basis for developing the localism agenda with them in relation to other services.
- 9.2** The encouragement to Parish and Town councils to have banks on their land will mean more textile banks can be put out and enable the Council to receive an increased income during the course of this contract and reduce contamination in the kerbside recycling bins.

10. RECOMMENDATION

It is recommended that members approve the payment to owners of land, where textile recycling banks are situated, the sum of £150/tonne subject to pro rata fluctuations in the amount the Council receives per tonne.

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Background Papers: Bring Site Contract – A copy can be viewed at the Operations Centre, Eastfield House, Latham Road.

Third Party Quarterly Recycling Credit Claims - April 2009 to March 2010

Total Paper and Bottle credit payouts

Group	APRIL 09 - MAR 10
Abbotsley Parish Council	£368.93
Brampton Parish Council	£2,837.77
Brington & Molesworth Parish Council	£202.16
Brington County Primary School	£7.05
Bythorn and Keyston Parish Council	£184.05
Broughton Parish Council	£610.48
Buckden Village Hall Trust	£2,574.37
Buckworth Cricket Club	£110.98
Bury Cof E Primary School	£68.90
Bury Village Hall	£451.76
Catworth Parish Council	£416.94
Cavendish Court Residents Association	£185.98
Chesnut Amenity Fund	£76.64
Colne Parish Council	£613.55
Eatons Community Association	£1,271.73
Elton Parish Council	£424.88
Environment Agency	£62.28
Farcet CP Primary School	£5.45
Farcet Parish Council	£246.14
Folksworth & Washingley Parish Council	£541.77
Comrades Club	£506.28
Godmanchester Town Council	£1,986.41
Grafham Parish Council	£678.61
Great and Little Gidding Parish Council	£424.62
Great Gransden Parish Council	£1,155.40
Great Staughton Parish Council	£1,137.07
Hemingford Abbots Parish Council	£1,437.68
Holme Parish Council	£784.34
Holywell Cum Needingworth Parish Council	£1,397.87
Houghton & Wyton Parish Council	£858.13
Richmond Fellowship	£85.68
Moor Community Centre	£224.85
Offord County Primary School	£92.40
Old Weston Parish Council	£276.45
Perry Parish Council	£798.39
Priory Junior School	£21.90
Ramsey Forty Foot Village Association	£301.27
Mereside Village Association	£227.43
Ramsey & District Guides	£147.96
Ramsey Spinning Infants School	£26.60
Sawtry Parish Council	£2,341.16
Somersham Parish Council	£2,477.70
St. Helens Primary School	£130.75
Spaldwick Village Hall Committee	£1,022.91
Stilton C of E Primary School	£206.61
Tilbrook Parish Council	£347.28
The Stukeley's Parish Council	£1,049.40
Warboys Sports & Social Club	£70.50
Warboys Parish Council	£2,783.39
Waresley Parish Council	£362.76
Wansford Christie Hall Management Committee	£1,233.28
Winwick Village Hall	£139.12
Wistow Parish Council	£574.48
Yaxley Parish Council	£3,515.51
Yaxley Fourfields Primary School	£318.00
Total	£40,404.00

Underground Bank Sites

Textile Recycling Payments – Tonnages Needed to Replicate 09/10 Payments

Group	Textile Tonnage Needed
Brampton Parish Council	18.9
Eatons Community Association	8.5
Folksworth & Washingley Parish Council	3.6
The Stukeley's Parish Council	7.0
Warboys Parish Council	18.6
Yaxley Parish Council	23.4

These are the sites where recycling credits are currently paid to third parties for glass and / or paper and where a textile bank exists. Textile banks will be placed on 28 other sites under the control of the Council.

Textile banks could be placed on further sites subject to agreement with HDC and the contractor. They will require site assessment to check if suitable.