

Housing, Communities & Local Government Committee: Inquiry into implications of the waste strategy for local authorities

April 2019

1. This response is provided on behalf of ADEPT, the Association of Directors of Environment, Economy, Planning and Transport.

Who is ADEPT?

2. ADEPT is a membership organisation representing Place Directors from county, unitary and combined authorities, along with directors of Local Enterprise Partnerships (LEPs) and corporate partners drawn from key service sectors. There are currently 80 local authority members, 12 LEP members, 15 corporate partners and various other members. The Association is governed by a President and Leadership Team elected by the members. The Association is served by a Chief Operating Officer and small secretariat.
3. ADEPT members are at the very heart of maximising sustainable growth in communities throughout the UK. They deliver the projects that are key to unlocking broader economic success and creating more resilient communities, economies and infrastructure.
4. ADEPT is pleased to provide evidence to this inquiry.

ADEPT's Resources & Waste Policy Position

5. ADEPT's broad policy position on resources and waste is set out in our statement published on 30th January 2019 which is available on our website at <https://www.adeptnet.org.uk/documents/adept-policy-position-resources-and-waste>. Much of the policy statement is relevant to the inquiry and is included within the evidence provided below.
6. In summary:
 - ADEPT welcomes the Government's commitment to making the UK a world leader in resource efficiency. The new Resources and Waste Strategy for England is essential, providing clarity on policy direction and driving investment, regardless of our future relationship with the EU.
 - ADEPT believes that as a nation, we need to significantly reduce the amount of waste we create, and to reuse and recycle more of what's left, keeping resources in use for as long as possible and extracting the maximum value from them.

- ADEPT supports the Government’s commitment to an extended producer responsibility system that helps reduce waste, provides high quality recyclable materials, and meets the whole life cost of managing resources.
- ADEPT considers that greater producer responsibility should drive performance, rather than taxation of incineration. Waste management systems must directly help reduce waste and increase recycling, with funding mechanisms aligned to national strategies and objectives.
- ADEPT advocates that increased investment in UK processing capacity is essential both to reduce reliance on overseas markets and the environmental impact of transporting recyclables. The producer-focused approach will drive greater certainty in markets for recycled materials, providing incentives for long-term investment.
- We firmly believe that local government has a central role to play in delivering consistent, easy-to-use waste services. ADEPT will work with Government and industry to help meet national strategic ambitions, supporting the economy and conserving the environment.
- Most importantly, it is essential that councils are fully funded for any additional responsibilities flowing from the new Resources and Waste Strategy. Councils should also be free to charge users for some discretionary recycling and waste services in order to generate income that will contribute to the cost of these services and enable them to continue to be provided.

What are the financial implications for local authorities of the Government’s Waste Strategy?

7. The Government has recognised within the recent consultation on improving consistency in collections of waste that there will be new burdens for local authorities, and have committed clearly to meet the costs for local authorities in delivering them. The government is also proposing to make packaging waste producers responsible for the costs of dealing with these materials, and has set out a proposal for local authorities to receive payments related to their costs in collecting, recycling and disposing of these products. On the face of it, the financial position for local authorities would seem to be positive in that we might expect to receive funding for what we are already doing in relation to packaging, and to have any new costs funded through new burdens provisions. However, ADEPT has reservations that this outcome will be achieved.
8. The requirements for consistency in collection are broad and include provisions for mandatory separate food waste collection, potential removal of powers to charge for collection of garden waste, and a desire to restrict residual waste collection frequency to two weekly or less. Other issues explored within the consultations under the heading of consistency include operation of Household Waste Recycling Centres (HWRCs), bin colours and collection methodology. It is further implied that access to producer funding under EPR will be dependent on delivery of ‘consistency’ obligations meaning that there is a blurring of boundaries between new burdens within a desire for consistency, and funding to local authorities through EPR. Put simply, ADEPT argues that the principle of EPR stands regardless of any proposals for improved consistency, therefore local authorities should be eligible for funding for packaging collection and sorting under EPR regardless of any new burdens or any move towards improved consistency in collection.

9. ADEPT is concerned that the outcome will see the opposite and that Government will effectively use income under EPR to fund delivery of new services and the effective removal of other discretionary powers e.g. to charge for garden waste collection.
10. It might be argued that the net result for local authorities will be neutral whilst seeing an improvement in the service to residents but ADEPT is concerned that this approach prejudices the principles of EPR in that it uses producer responsibility funding to deliver other outcomes. Funding for delivering services related to packaging waste should be entirely separate to funding for any new burdens.
11. Further, ADEPT is concerned that any formula used to distribute funding should be fair and transparent. Local circumstances greatly affect the economics and performance of waste collection systems with variables such as participation and capture rates greatly influenced by housing type, demographics, affluence and rurality. Any formula needs to be sophisticated enough to recognise these variables, and any transition costs, to protect against excessive winners or losers.
12. Government have indicated that they will consider an incineration tax if recycling rates do not improve as anticipated. ADEPT strongly believes that the case for an incineration tax cannot be justified as means to drive higher recycling and warns that it could be environmentally counterproductive should landfill become a more affordable option again. If implemented, it would change the economics of waste management and potentially drive waste back to landfill, increasing the export of refuse derived fuel. This has implications for national energy generation. Most importantly, an incineration tax would simply lead to excessive cost burdens on local authorities, which is counter to the objectives of EPR. Moreover, ADEPT asserts strongly that an effective extended producer responsibility system renders an incineration tax unnecessary.
13. The drive for more and better, recycling should come through “pull” factors such as EPR, rather than arbitrary increases in the cost of disposal. The latter risks re-prioritising the quantity of material extracted for recycling over quality. The historical fallout from this “push” approach has been the legacy of reliance on export and the understandable crack down from China and elsewhere on poor quality material. We need a sustainable UK reprocessing market that can rely on quality feedstock.
14. Like other ‘place’ services, waste collection, recycling and disposal are under severe financial pressure due to reductions in local government spending and the increased costs of providing vital ‘people’ services to protect vulnerable children and older people which compete for priority while demand for services increases. It is therefore essential that councils are fully funded for any additional responsibilities flowing from the new Resources and Waste Strategy.

What the likely effects will be on the recycling rates of local authorities.

15. Impacts on local government recycling rates will vary depending on the outcomes of the consultations.
16. Proposals for mandatory separate food waste collections and free garden waste collection will significantly increase local recycling rates for those that currently don’t collect food waste, with evidence showing that food waste collections can increase recycling performance by 10-

15%. However, restrictions on residual waste collection frequency will reduce the effectiveness of any food waste collection system so as to reduce recycling performance by as much as 5% (i.e. separate food waste collection performance is significantly improved when combined with a three weekly residual waste collection frequency). Reducing collection frequency also improves the cost effectiveness of collection systems and with weekly food waste collection targeting much of the 'smelly' or offensive components of domestic waste the arguments for frequent residual waste collections are significantly reduced.

17. Removing powers to charge for garden waste collections will have limited effect as evidence from the introduction of charging shows high take up rates, and that garden waste tonnages reduce by comparatively small amounts. It is therefore likely that the reverse will apply. A removal of the power to charge for garden waste collection might therefore only increase recycling performance by a few percentage points in those areas that currently charge for collection. However, the financial impacts will be severe as charging currently provides much needed revenue streams for these authorities. Charging is also fair as the costs are borne by those households with gardens and not at the expense of all council tax payers
18. A Deposit Return Scheme (DRS), especially an 'all-in' system, will significantly reduce capture rates in local authority kerbside recycling schemes as containers are returned to retailers. An all-in system will include glass bottles which make up a large proportion of local authority collections by weight.
19. Overall, there will undoubtedly be an increase in recycling across the system but the efficiency of local authority schemes could be seriously compromised. Yields from separate food waste collections are higher where residual collection is less frequent (otherwise there is less incentive to separate). It should therefore be open to local authorities to use all tools to help encourage householders to participate, including reducing residual waste collection frequency.

How might provisions in the strategy affect existing contracts for waste collection and disposal.

20. Many local authorities rely on third party contractors for the provision of waste and recyclable collection and disposal services. Contracts may be for periods up to 25 years, and the proposals within the Government's Waste Strategy are likely to have significant impacts on most contracts.
21. Amounts and composition of waste and recyclables will change, with probable impacts on collection round vehicles and organisation, recycling capacity and disposal services.
22. ADEPT is specifically concerned about impacts on long term waste treatment contracts which may contain provisions where local authority clients provide effective guarantees over tonnages, composition or calorific value of waste which implementation of the Strategy may make it impossible for the local authority to control. For example, a DRS might significantly reduce the composition of recyclables processed through a local authority contracted facility leading to claims by the contractor. Similarly, mandatory food waste collections even if environmentally positive may prejudice an authority's ability to deliver on minimum tonnage guarantees for a waste treatment plant and/or calorific value guarantees, and result in a penalty or claim for the operating contractor.

23. Such long term contracts usually contain provisions for contractors to claim costs from local authorities under 'Change in Law' provisions within the contract. Of particular concern to ADEPT is that many of these contracts have been procured with Government support and using Government sponsored standard form contract documentation therefore it would be perverse for such authorities now to be penalised by implementation of a new Government strategy. ADEPT is keen to ensure that these types of consequential costs are recognised in any new burdens provisions arising from the implementation of the Resources and Waste Strategy.

Should waste services be standardised across England or should there continue to be flexibilities for local authorities.

24. ADEPT recognises that there are potential benefits from improving consistency in waste collection. Improved consistency will help avoid confusion by householders as to what materials can be recycled, and consistency across England will enable a single national message to be promoted about what to recycle. However, there are practical limits on the ability to achieve true consistency across all areas, and compelling arguments as to why one size does not fit all users.
25. The Government's approach towards a common core set of recyclables is supported, but it is understood that this is to be seen as a minimum set of materials to be collected and that local circumstances will determine that some areas collect a wider range. This is entirely sensible and establishes the precedent that recyclables collection should not be consistent or standardised across England.
26. ADEPT supports the principle that the collection of household waste and resources should be carried out in accordance with broad national standards as proposed in the Resources and Waste Strategy, supported by clear and consistent messaging. However, the focus should be on outcomes, leaving local councils free to decide which materials to collect (beyond the core minimum) and how to collect them on the basis of local circumstances.
27. Factors such as geography, demography, affluence and the make-up of housing stock will all influence the decision on the most appropriate method of waste and recycling collection for an area. Different systems will be more or less effective at encouraging recycling performance but, by definition, advocating a single collection system at a national scale will mean some areas will operate less efficiently than they might if free to make their own decisions on how to collect waste. ADEPT believes strongly that the method of collection should be determined locally although accepts that this freedom and ability to benefit from funding through Extended Producer Responsibility might reasonably be subject to the ability to meet minimum performance standards for the quality and or quantity of recyclables to be collected.
28. This further questions the ability for a fully consistent approach to recyclables collection to drive improvements in performance. The principle of EPR together with requirements for full consistency provides no apparent incentive for local authorities to improve performance as costs are reimbursed by producers based on systems rather than outcomes. Providing an incentive for local authorities to benefit from improved performance alongside freedoms and flexibilities to target different materials and determine collection methodologies will help increase recycling percentages and drive down costs to the public purse as local authorities strive to be more efficient.

29. The separate collection of food waste is a further area where ADEPT is not supportive of a consistent national approach. Food waste is now by average weight the single largest element of household residual waste and presents a significant opportunity to improve performance. The separate collection of food waste can enable cost effective treatment through anaerobic digestion or in vessel composting. However, separate collections of food waste add significant additional cost and can be complex to deliver. ADEPT believes councils should be free to decide themselves on the balance of cost and benefit for separate food waste collections, depending on local circumstances. In the event that the Government mandate for separate food waste collections then ADEPT believe there is a strong case for applying similar approaches to those used to determine the justification for separate collection of recyclables; i.e. by applying a test of technical, environmental and economic practicability. This approach could be based on an assumption in favour of separate collection of food waste unless an authority were able to demonstrate that to do so would fail the 'TEEP' test.
30. By 2023, Government wants all households in England to have separate weekly food waste collection and has stated that funding will be available for local authorities to achieve this. ADEPT look forward to working with Government to deliver this ambition but does not believe that it will represent good value for money in all cases. A business case might exist in comparison to landfill but where councils already have long term waste treatment contracts in place for dealing with household waste, it is highly likely that the separate collection of food waste will add considerable costs overall. The environmental benefits of separate food waste collections are significantly reduced when compared to alternative treatment methods rather than landfill, and regardless of any new burdens funding for local authorities, separate food waste collections will not always make sense to the public purse and should therefore be assessed on a case by case basis.
31. ADEPT does not support the removal of discretionary powers to charge for garden waste collections for the reasons outlined above, but recognise that there is currently no obligation on local authorities to separately collect garden waste. Waste from domestic gardens is classified as Household Waste and local authorities are therefore obliged to collect it. Separately collected garden waste can be processed at low cost compared to residual waste and therefore simple economics has driven most authorities to collect it separately whether they charge to do so or not, although presumably the cost benefits do not apply in the small number of authorities who do not offer separate collections.
32. Recycling performance might therefore be improved by applying a consistent approach to the requirements for local authorities to oblige them to provide separate garden waste collections. The retention of the ability to charge for separate garden waste collection will help mitigate any financial impact on the authorities not currently collecting garden waste separately, however the authorities affected are most likely to be inner city urban areas which are likely to have significant practical and not financial barriers to garden waste collections.
33. Finally in relation to standardisation, ADEPT is concerned that Government may seek to apply unnecessary additional controls and requirements on the operation of household waste recycling centres (HWRCs) under the guise of 'consistency'. The provision of HWRCs is one of the two primary functions of waste disposal authorities. The requirements are not specific (in terms of numbers of sites to be provided in an area, or the number of sites to serve a given

population or number of households), so councils have used the flexibility available to them when making decisions on local levels of service.

34. Historically, the services provided have far exceeded the statutory minimum, but financial pressures on councils mean that they are cutting back on discretionary services. In some areas this has led to the introduction of charges at HWRCs for some wastes, restrictions on the use of certain vehicles, and either the closure of sites or reduced opening hours. These are all legitimate actions within the current legal framework and we are concerned that limiting the application of powers to charge will further reduce site availability to the public.
35. ADEPT wants to work with the Government to redefine HWRC services to deliver better outcomes for local residents. Councils must be able to charge for discretionary services, with residents able to exercise choice in their use of sites, based on a balance of costs and convenience. HWRCs are typically very well regarded local facilities that provide essential services to local communities. The legal requirements covering HWRCs are minimal but despite this limited framework, local authorities have developed their services to provide services to meet the needs of their customers in a cost effective way. This has included developing and sharing best practice and investing large amounts of capital in modern and well run assets. Importantly, local authorities have decided for themselves whether to take the opportunities of flexibilities to charge or limit the acceptance of certain waste types.
36. These decisions have been made for the greater good as a way of reducing costs and ensuring the availability of the core service. The alternative to these decisions is usually to close sites or reduce opening hours. Standardisation of HWRC operations is unnecessary and risks perverse outcomes where access to services for the majority of users reduces.
37. Further freedoms are required to ensure HWRC services are able to continue to meet local demands. Local authorities are currently prohibited from charging even modest fees for the use of HWRCs to dispose of household waste. Councils are being forced to consider the legitimate removal of HWRC services because they are prevented from recovering a contribution towards costs. An ability to levy a modest charge to access an HWRC (at levels equivalent to a cup of coffee or an hour's parking) would enable local authorities to protect and invest in improvements to these services. In addition, an ability for councils to supplement a network of free 'statutory' sites with sites provided on a discretionary basis (where a charge can be made) will provide a further option to councils to help mitigate cost whilst providing choice to residents. Currently the legislation prevents the development of these innovative approaches and risks perverse outcomes where access to services is reduced rather than improved.

What the opportunities are for closer joint-working between authorities, particularly in two-tier areas.

38. ADEPT acknowledges that the efficiency and consistency of local authority waste services are often improved with economies of scale. Where they exist, effective partnerships deliver greater efficiency, but the approach is not universal across the country. Partnerships tend to rely on voluntary arrangements and the benefits are often not sufficient to be able to overcome other barriers to joint working. In 2007 Somerset Councils agreed a voluntary joint approach to contracting waste collection services and created one client unit to replace six separate ones and Joint Governance with continued democratic accountability. This reduced

staffing by around a third and in total saved £1.3m per year (c10%) on contractual costs. This model was subsequently adopted by the Dorset Waste Partnership but has failed to get traction in most other two tier areas.

39. The statutory framework for waste management in two tier local government is rooted in the 1970s and provides a significant challenge to the delivery of a modern resources and waste strategy. ADEPT advocates for a fundamental review of delivery and governance models for the management of waste and resources in two tier areas. We want to see responsibilities moved to upper tier authorities and/or the statutory combining of authorities at regional or sub regional level. Pending such a review, improved partnership working should be incentivised by flowing funding through upper tier authorities, giving them increased powers to compel lower tier authorities to move to consistent collection systems.

Summary and Conclusion

40. In summary, ADEPT is supportive of the ambitions contained in the Government's Resources and Waste Strategy but is concerned about the potential impacts on local authorities.
41. ADEPT welcomes proposals for extended producer responsibility and the intention that local authority costs in dealing with packaging, including the costs of disposal, will fall to producers to fund. However, the devil will be in the detail of how this will work and ADEPT remains concerned that any formula applied to deliver funding will not be transparent or fair, and will not adequately take into account local and/or consequential costs. ADEPT strongly believes that an incineration tax will be ineffective in comparison to other options to drive improvements in recycling, and will result in a further cost burden to local authorities contrary to the objectives of extended producer responsibility.
42. In respect of EPR, ADEPT is concerned that funding under EPR will only be made available to local authorities as compensation for new burdens associated with collecting a wider range of materials, when the principle of EPR is that funding for dealing with packaging waste should be passed in full to local authorities regardless of any new burdens. ADEPT recognises benefits of improved consistency but any new burden should be seen as separate to the producers' responsibility under EPR. Moreover, ADEPT believes strongly that local authorities should be able to retain key flexibilities and freedoms to set charges and determine local collection systems, but that authorities should be accountable for delivering suitable quantities and quality of materials.
43. ADEPT supports improved partnership working between local authorities, especially in two tier areas. The financial and performance benefits can be significant for the partners but often the cultural and deep seated barriers are difficult to overcome in the absence of firm Government direction. This could come through directing funding through upper tiers, or ultimately by statutory review of governance structures.
44. ADEPT welcomes the opportunity to discuss any of the issues or comments raised in this response with the Committee if so desired.

This response is submitted on behalf of ADEPT by:

Ian Fielding
(ADEPT Waste Group Chair)
C/O North Yorkshire County Council
Racecourse Lane
NORTHALLERTON
North Yorkshire DL7 8AH
Tel: 01609 532161
E: ian.fielding@northyorks.gov.uk