

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Executive Member for Economy, Transport & Environment
<b>Date:</b>	26 November 2015
<b>Title:</b>	Household Waste Recycling Centre Efficiencies
<b>Reference:</b>	6980
<b>Report From:</b>	Director of Economy, Transport & Environment

**Contact name:** Sam Horne

**Tel:** 01962 832268

**Email:** sam.horne@hants.gov.uk

## 1. Executive Summary

- 1.1. The purpose of this paper is to seek approval to cease payments to West Berkshire Council as a contribution towards the cost of Hampshire residents using its Household Waste Recycling Centres (HWRCs) located at Newtown Road and Padworth.
- 1.2. This paper also proposes amendments to Hampshire County Council's policy regarding the payment of recycling credits to Waste Collection Authorities and third party organisations in Hampshire. It is a follow-up to a previous paper considered on 4 November 2014.
- 1.3. The paper seeks to;
  - set out the context of the relationship and agreement between Hampshire County Council and West Berkshire Council;
  - outline the financial outcome of the proposed decision;
  - set out the alternative service provision options.
  - set out the background to the recycling credits scheme and
  - the financial implications of the scheme and the proposed changes.
- 1.4. The paper has been split into 'Part A – Cross Border Payments' and 'Part B – Recycling Credits Payments'.

### Part A – Cross Border Payments

## 2. Contextual information

- 2.1. As part of its PFI waste contract, West Berkshire developed two HWRCs at Newtown Road in Newbury and Padworth, both of which are within 5 miles of the Hampshire border, and in 2011 approached Hampshire County

Council about making a contribution towards the operational and disposal costs of these sites.

- 2.2. Following a survey to establish the relevant user percentages, an agreement was reached and received Executive Member approval, whereby Hampshire County Council would make a voluntary contribution of an annual amount that would be paid retrospectively based on actual tonnages.
- 2.3. Stopping the payment to West Berkshire Council is one of the proposed savings projects under consideration that will contribute towards delivery of the County Council's overall 2017 savings target of £98 million. This measure forms the first part of the proposed HWRC Service Efficiencies work stream that is intended to support reducing the Waste & Resource Management budget by £3.9 million per annum. Further decisions regarding HWRC service provision will be made following completion of the review being undertaken as part of the Transformation to 2017 work together with a consultation on any proposed changes.

### 3. Finance

- 3.1. The annual payment made to West Berkshire Council varies each year depending on the tonnage received at each of the sites. Table 1 below shows the amounts paid to date

	2012/13	2013/14	2014/15	2015/16
<b>Annual Payment (£)</b>	£182,063	£198,376	£192,553 <sup>1</sup>	£200,000 (estimated)

- 3.2. The payment for 2015/16 will be calculated once the full year's tonnage data has been collated but it is expected, based on tonnages to date, that it will be similar to the 14/15 amount.

### 4. Alternative Service Provision

- 4.1. There will be no impact of the decision in terms of direct service provision to Hampshire residents as the contribution is voluntary. It is possible that, if approval is given, West Berkshire Council may decide to prevent Hampshire residents from using the HWRCs in question, or else charge Hampshire residents for such use.
- 4.2. Should Hampshire residents be prevented from using the sites in West Berkshire in the future, there will be an impact on those Hampshire residents in the north of the County. However, there are a number of other waste disposal routes open to them as set out below.

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<sup>1</sup> The reduced payment in 2014/15 is due to the closure of one of the main roads to Padworth HWRC in West Berkshire for a period of 6 months.

- 4.3. Hampshire has a total of 24 HWRCs across the County provided for residents to reuse, recycle and dispose of their waste. This is the highest number of HWRCs of any County Council in England and means that the majority of Hampshire residents are within 20 minutes driving time of a HWRC.
- 4.4. The current Basingstoke HWRC is just over 8 miles from Tadley, which is approximately 15 minutes by car. The Basingstoke site is a split level facility and offers a full range of waste streams. In addition the Andover HWRC, a large split level site redeveloped in 2008, provides HWRC service provision for residents of North West Hampshire. Both sites are open in daylight hours throughout the year with the exception of Christmas Day, Boxing Day and New Year's Day.
- 4.5. Both Basingstoke & Deane and Test Valley Borough Councils offer a full range of kerbside waste collections for residual waste, dry mixed recyclables, glass, and a chargeable garden service. In terms of green garden waste Basingstoke & Deane residents can pay £30.60<sup>2</sup> each year for two sacks, each of which can hold up to 20kgs and are collected on a fortnightly basis. In Test Valley residents can pay £25 for a 240 litre bin that is collected on a fortnightly basis.
- 4.6. Both Borough Councils offer a bulky waste collection service which is charged at a rate of £25 for between 1-3 items by Basingstoke & Deane and £37.75 for up to 4 items by Test Valley.
- 4.7. In addition to the services provided by Basingstoke & Deane and Test Valley Borough Councils and the HWRCs located at Wade Road in Basingstoke and Scott Close in Andover, there is also the option of home composting to both reduce the need to transport the garden and food waste produced in the house and provide a compost material for free that can be used on the garden.
- 4.8. The County Council is in the final stages of procuring a new HWRC management contract that will be awarded in December 2015 to commence on the 1 April 2016. This contract will see the implementation of the previously approved service enhancements: trade waste services for SMEs, enhanced controls on unauthorised trade waste, charging for non domestic waste and increased reuse across the service. The contract has a maximum term of 14 years and 9 months with an estimated total value of up to £95million and has been designed to be flexible to allow for changes to the service throughout its life.
- 4.9. The County Council recently launched its waste prevention programme 'Smart Living'<sup>3</sup> which has three areas of focus: reducing food waste, home composting, and maximising the reuse of bulky household waste. This

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<sup>2</sup> Price shown is for 2015/16, charges are reviewed on an annual basis and are subject to change

<sup>3</sup> <http://www3.hants.gov.uk/waste-recycling/smartliving.htm>

programme offers support and guidance to residents to improve the way they manage their waste and reduce the amount that needs to be disposed of.

## **PART B – Recycling Credit Payments**

### **5. Contextual information**

- 5.1. Recycling credits are a financial inducement to organisations to reflect cost savings made by processing an item for recycling instead of disposal. Hampshire County Council, as a Waste Disposal Authority, is obliged through the Environmental Protection Act 1990 to pay recycling credits to Waste Collection Authorities for household waste collected which is diverted from disposal through recycling.<sup>4</sup> This is predominantly paid on glass tonnages in Hampshire, and does not apply to kerbside collected dry mixed recyclables which are covered by a separate arrangement through the Project Integra Memorandum of Understanding.
- 5.2. The County Council also has discretionary powers to make payments to third party organisations which operate recycling banks or collections.<sup>5</sup> Third party recycling credit claims received are predominantly for textile collections. Organisations may only claim for material originating from a household source within the Hampshire boundary which must be sent to an approved reprocessor. Organisations may claim for recycled items arising from door-to-door collections or bank sites, but not for donations delivered directly to charity shops as this is deemed non-household waste.
- 5.3. The majority of third parties currently claiming recycling credits from Hampshire County Council are charitable or not-for-profit ventures. Recycling credits provide a small supplementary income stream for those organisations in addition to revenues received directly from reprocessors.
- 5.4. Given the financial pressures facing the County Council and the annual costs of administering recycling credits, a review of its existing policy was recommended in November 2014.

### **6. Finance**

- 6.1. Hampshire County Council, in common with most authorities that pay recycling credits, sets a flat rate per tonne for all approved claims. This is reviewed annually and inflated by approximately 3%. For 2015/16 the rate is £42.04 per tonne.
- 6.2. All 11 Waste Collection Authorities in Hampshire currently claim recycling credits on non-Dry Mixed Recyclable collected material. More than 90% of payments to Waste Collection Authorities are currently for glass claims. In

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<sup>4</sup> *Environmental Protection Act 1990: Section 52, paragraph 1*

<sup>5</sup> *Environmental Protection Act 1990: Section 52, paragraph 3*

2014/15, the Waste Collection Authorities collectively claimed for 29,648.01 tonnes of material resulting in a total credit payment by the County Council of £1,218,236.73.<sup>6</sup>

- 6.3. A further 11 third party organisations claimed recycling credits from Hampshire County Council during 2014/15, of which one was a profit-making organisation. Most claims from third parties were for textiles. Claims made during 2014/15 ranged from £175 to £51,600, resulting in a total credit payment by the Council to third parties of £114,882.75.
- 6.4. Comparisons of total tonnages and payments over the last 5 years are set out in the table below:

Year	Rate paid	Tonnage claimed	Credits paid
2010/11	£36.50	34,349.22	£1,253,746.43
2011/12	£37.60	33,831.45	£1,272,062.26
2012/13	£38.73	32,999.04	£1,278,052.73
2013/14	£39.89	32,059.07	£1,278,836.26
2014/15	£41.09	32,443.89	£1,333,119.48

- 6.5. Over the same period, as recyclable markets have consolidated and matured so the County Council's recycling credit rate has become increasingly unreflective of market conditions. Market prices for textiles in particular enable collectors to make significant profits from this activity.<sup>7</sup>

Material	Ave. price – Aug 2005	Ave. price – Aug 2015
Textiles	£45 p/t	£260 p/t
Mixed papers	£36 p/t	£51 p/t
Mixed glass	£11 p/t	£17 p/t

## 7. Matters arising

- 7.1. At over £1.3 million per annum, recycling credits make up a significant proportion of the County Council's waste budget. Whilst there is a statutory duty on the Council to pay a credit to Waste Collection Authorities, payments to third parties are discretionary.
- 7.2. Recycling credits for third parties have effectively become a supplementary payment rather than the inducement to recycle that they were originally intended to be. They were introduced as a means of stimulating growth in the UK recycling sector at a time when alternative methods to landfill were urgently required to manage rapidly growing household waste arisings, theoretically recognising savings that disposal authorities would make from not landfilling materials. In Hampshire, however, these conditions arguably do not apply as the majority of household waste is not landfilled due to

<sup>6</sup> Fixed rate for recycling credits in 2014/15 was £41.09.

<sup>7</sup> Prices taken from [www.letsrecycle.com](http://www.letsrecycle.com).

Hampshire's extensive waste disposal infrastructure network. End markets for recyclable material are also now well-established allowing new collections to be set up and be profitable quickly.

- 7.3. The Environmental Protection (Waste Recycling Payments) Regulations 2006 proposes a formula by which Waste Disposal Authorities should pay Waste Collection Authorities, suggesting that the credit rate should be in line with the equivalent cost of disposing of the waste had the recycled material been instead processed by that route. The disposal rate (gate fee) for household waste processed at an energy recovery facility during 2014/15 was approx. £28.50 per tonne meaning that, compared to the recycling credit rate for the same period, the County Council incurred an additional cost of around £11 p/t in recycling credits than if the material had just been sent for disposal.
- 7.4. Defra has previously stated that it does not consider recycling credits should be payable on re-wearable 'second hand' textiles, which are passed to, or purchased by, a new recipient without repair. A condition of the Hampshire County Council scheme is that claimants may only claim for 'recycled material', but for bank material this is hard to define. One textile reprocessor, the European Recycling Company which is engaged by some Hampshire Waste Collection Authorities to provide a textile recycling service, states on their website that 62% of donated textiles are fully reused, with only 32% actually repaired or recycled, and 6% sent for disposal. Therefore it is arguable that the County Council should only be paying 32% of any textile credit claims from authorities using this company unless it can otherwise be proved that only legitimately recycled tonnage has been claimed for. If Hampshire County Council had adopted such a policy, it would have saved £10,000 in 2014/15.

## **8. National Comparison**

- 8.1. Comparing Hampshire County Council with other equivalent authorities, it is observed that different approaches exist to paying recycling credits with little consistency between how authorities operate.
- 8.2. Some authorities do not pay recycling credits at all to third party claimants. A joint survey in 2015 by the Waste and Resources Action Programme and the National Association of Waste Disposal Officers found that only around 50% of Waste Disposal Authorities in England pay discretionary recycling credits to third parties. Dorset County Council recently (September 2015) considered a similar decision to cease third party recycling credits on the grounds that it is a discretionary scheme and therefore ceasing would save the authority money in the current financial climate. If Hampshire County Council had adopted the same policy, it would have saved £114,000 in 2014/15.

## **9. Consultation on future direction**

- 9.1. It is difficult for Hampshire County Council to continue with its recycling credit policy in its current form given the economic pressures that are affecting all local authorities. External reviews have identified that a revised recycling credit policy would have potential for significant budget savings. This review was presented to the Executive Member for Economy, Transport and Environment in November 2014, and a recommendation made to consult with all parties that would potentially be affected by a change in the County Council's policy.
- 9.2. As recycling credit payments to third party organisations are discretionary, this offers the greatest scope for potential savings. Eighteen organisations that are currently claiming, or have historically claimed, credits were written to in August 2015 asking for feedback on possible options. These included ceasing the scheme, either immediately or over a phased period, applying a reduced rate per tonne at a proportion of the existing rate, or establishing a nominal 'top-up' rate for high value materials.
- 9.3. Responses were received from two organisations. One, from a textile recycling organisation on behalf of a Hampshire-based charity, was under the misapprehension that Hampshire County Council itself received recycling credits which were passed onto the third parties. As discussed above, this is not the case and therefore any credit payments to third parties are entirely at the County Council's discretion and must be found from existing budgets.
- 9.4. The second response, from a small charity shop operating in the New Forest, accepted the reasons for considering a cessation in light of the current economic climate and, like the first response, wished to highlight the value the credit payments can have for third sector organisations. In both cases however, it remains important to be borne in mind that the credits paid by the County Council are a supplementary income to such organisations for which a payment will already have been received from the reprocessor. As shown in paragraph 6.5, for textiles this income can be significant.
- 9.5. The County Council has a statutory duty to pay some form of credit to the Waste Collection Authorities, so a cessation is not a consideration in this case. Heads of service at Waste Collection Authorities were therefore consulted on a proposal to freeze the credit rate at the 2015/16 level until further notice while wider investigation into establishing a whole system cost for the entire waste process in Hampshire to identify efficiencies is conducted jointly with the Waste Collection Authorities through the Project Integra waste partnership.
- 9.6. Two responses were received by the deadline. Test Valley Borough Council agreed to the proposed freeze. However the proposal was rejected by Fareham Borough Council due to the impact it would have on its own waste budget. Without unilateral support, it is considered that the County Council cannot therefore implement this proposal at this time and an alternative solution should be found in the interim.

- 9.7. As previously outlined, the County Council is obliged to pay some form of credit to Waste Collection Authorities. In order to achieve a saving that falls within the spirit of the published legislation, it is proposed that an apportionment is applied on claims for textile recycling credits to address the issues outlined above in paragraph 7.4. This would initially affect only three Waste Collection Authorities as not all Hampshire authorities currently claim for textile credits.

## **10. Recommendations**

- 10.1. That approval is given to provide notice to West Berkshire Council that no further payments will be made as a contribution towards the use of its Household Waste Recycling Centres by Hampshire residents, to apply from 1 April 2016.
- 10.2. That approval is given to cease making recycling credit payments to third parties to come into effect from 1 April 2016.
- 10.3. That approval is given to apply an apportionment on the payment of recycling credits to Waste Collection Authorities to reflect only textile tonnages that have been recycled, as opposed to that diverted for re-use or end disposal, with effect from 1 April 2016.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Maximising well-being:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	no
Corporate Improvement plan link number (if appropriate):	
<b>OR</b>	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:</b>	
This decision will contribute towards the required savings in 2017.	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Household Waste Recycling Centre Cross Border Charging	<u>Reference</u> 4634	<u>Date</u> 22 Jan 2013
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**Section 100 D - Local Government Act 1972 - background documents**

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

Part A:

There is no impact on Hampshire residents from the decision to stop payments to West Berkshire Council. If West Berkshire Council decides to prevent Hampshire residents from accessing their sites in the future it is felt that there is sufficient alternative service provision through kerbside collections, bulky waste services, home composting and the HWRC located on Wade Road in Basingstoke to enable people to reuse and recycle their waste so there is no impact on the statutory groups. The impact is considered low in terms of rurality as members of that group will have to travel slightly further to get to the nearest Hampshire HWRC in Basingstoke. In addition, the impact is low in terms of poverty as there is a cost to the bulky waste collection services but that group will still have free access to the HWRC in Basingstoke.

Part B:

The decision to cease discretionary payments to third party organisations will have no direct impact on any protected groups. Clearly the organisations

affected will see a reduction in their funding which may have an indirect low impact on certain characteristics. However, this should be considered in the context that credit payments from the County Council are supplementary income to that which the organisations receive directly from recycling re-processors. For materials such as textiles, this income can be significant (approximately £250 per tonne), therefore ceasing the discretionary additional credit payment from the County Council will only be a small proportion of this income. Respondents to the consultation understood the County Council's position.

The decision to review payments to waste collection authorities has no impact at all on protected characteristics as this payment goes directly to the relevant authority claimant.

## **2. Impact on Crime and Disorder:**

2.1. None

## **3. Climate Change:**

3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

There are sufficient alternative options to enable residents to reuse and recycle their waste.

3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The previous HWRC service provision review considered the options to adapt to climate change and this will be taken into account in future service developments.