

THE EU CIRCULAR ECONOMY PACKAGE
WDA/07/16

Recommendation

That:

1. Members agree to a programme of consultation with constituent District Councils and other Joint Waste Disposal Authorities with regard to the potential impacts of the EU Circular Economy Package.

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Report of the Chief Executive

1. Purpose of the Report

- 1.1 This report provides an update on the European Commission proposals for a circular economy and seeks Member approval to ongoing consultation with District Councils and other Joint Waste Disposal Authorities (JWDAs) regarding the potential impacts of the Circular Economy package.

2. Background

- 2.1 At the September 2015 meeting of the Authority, Members agreed to join with other Joint Waste Disposal Authorities and commission a study through the Chartered Institution of Wastes Management (CIWM) into the likely impacts of the EU Circular Economy proposals, so far as they were known at the time (Ref: WDA/29/15). The JWDAs study report is attached at Appendix 1.
- 2.2 On 2nd December 2015, the European Commission published the Circular Economy document ‘**Closing the loop – an EU action plan for the Circular Economy**’ (http://ec.europa.eu/priorities/jobs-growth-investment/circular-economy/docs/communication-action-plan-for-circular-economy_en.pdf)
- 2.3 The amending Directive 2008/98/EC on waste was also published on the 2nd December 2015 (<http://eurlex.europa.eu/resource.html?uri=cellar:c2b5929d-999e-11e5-b3b7-01aa75ed71a1.0018.02/DOC1&format=PDF>)

3. EU Proposals

- 3.1 The main elements of the proposals to amend waste legislation are:
- Simplified and improved definitions and harmonised calculation methods for recycling rates throughout the EU (Note: There are differences in the way recycling is measured across the EU);

- An increase in the ‘preparing for re-use and recycling’ target for municipal waste to **60% by 2025 (interim target) and 65% by 2030**;
- An increase in the ‘preparing for re-use and recycling targets for packaging waste and the simplification of the set of targets;
- The gradual **limitation of the landfilling of municipal waste to 10% by 2030**;
- The greater harmonisation and simplification of the legal framework on by-products and ‘end-of-waste’ status;
- New measures to promote prevention, including for food waste;
- A ban on landfilling of separately collected waste;
- Mandatory separate collection of food and other biowaste where technically, environmentally and economically practicable;
- Promotion of economic instruments to discourage landfilling;
- Measures to promote re-use;
- Economic incentives for producers to put greener products on the market and support recovery and recycling schemes (e.g. for packaging, batteries, electric and electronic equipment and vehicles).

4. Implications

- 4.1 The potential impact of the EU Circular economy package on current local authority waste arrangements is significant. As a first step towards responding to the proposals and identifying what targets might be achieved in realistic timescales, the six Joint Waste Disposal Authorities (JWDAs) commissioned a report (Appendix 1).
- 4.2 The Authority’s attention is drawn to Section 14 of the report at Appendix 1, which highlights the areas where the JWDA’s believe action is required to ensure that the proposals that are finalised will deliver the best outcomes in environmental and economic terms. The proposals will impact on waste collection authorities as well as this Authority and it is recommended that the Authority should lead the discussions with the constituent Districts on these issues and maintain the dialogue with other JWDAs.

4.3 The six JWDAs want to work with central Government to identify the best solutions for meeting the challenges of implementing the circular economy, to ensure that the UK meets its obligations and additional cost burdens are minimised. The key areas where action is required to meet this objective include:

- Planning and leadership to generate long term certainty, enable effective planning and deliver the right investment in infrastructure and market development;
- Policy that will provide clarity over where in the supply chain cost burdens associated with the Circular Economy Package will impact to reduce the burden on local authorities.
- Targets and measures which encourage the best environmental or economic outcome, which might include developing alternative metrics to the current weight based approach and differential recycling targets for rural and urban local authorities. Any targets set should also aim to avoid incentivising materials to move down the waste hierarchy.
- Guidance which will bring clarity on whether Incinerator Bottom Ash (IBA) will be included in UK recycling statistics given the impact this can have on performance and on how commercial waste captured under the wider definition will be monitored and tracked.
- Change to enable local authorities to impose a duty to recycle and powers of enforcement where residents fail to comply.
- A joined up approach which will combine recycling requirements with market development for collection, sorting and re-processing of materials.
- Development of realistic timescales for transformation which recognises the requirement for contract variations, infrastructure development, market development and behavioural change.

4.4 As part of the Joint Waste Strategy for Merseyside, the Merseyside authorities are committed to compliance with national and local legal requirements, targets and policies and it is important, therefore, to pro-actively respond to consultation documents and help shape national waste strategy.

5. Next Steps

- 5.1 It is understood that the EU's proposals will now be subject to a period of consultation with member states. Subject to the EU membership referendum in June 2016, if the UK remains 'in' Europe, then the final proposals will need to be agreed and there will be an 18 month period for member states to transpose the requirements into their own national legislation. The EU Circular Economy requirements are not likely to be transposed into UK law until late 2019/early 2010. If the UK determines to leave the EU, there is a great deal of uncertainty about the extent to which EU commodity and product standards will have to be met in any commodity trading agreements.
- 5.2 The joint report of the JWDA's will be used to inform consultation responses to the Circular Economy package and Members will be kept informed of progress.

6. Risk Implications

- 6.1 The risks associated with the EU Circular Economy package at this time largely relate to the risk of failure to assess the potential impacts on local authorities in sufficient time to allow alternative courses of action to be taken; a risk of failure to influence the UK legislature in drafting workable legal standards and a risk of failure to avoid cost burdens falling unnecessarily or unfairly on local authorities. Early and detailed consultation with District Council partners, contractors and UK Government is therefore essential.

7. Environmental Implications

- 7.1 The eventual transposition of the EU Circular Economy package into UK legislation and guidance will have a fundamental impact on local authority waste management services. In the main the environmental impact of additional re-use and recycling, etc., should be very positive, substantially reducing the carbon impact of resource use and waste management.

8. Financial Implications

- 8.1 The requirements of the EU Circular Economy package are expected to significantly influence the type of facilities and services operated by local authorities in the future.

- 8.2 Depending on the law developed from the EU Circular Economy package, it is expected that there will be a need for further investment in waste infrastructure.
- 8.3 This may well place a number of potentially significant financial burdens on local authorities, both collection and disposal, including the potential need for investment in further processing capacity and the segregation and grading of recyclable material, e.g. source segregation, segregation at MRF's, pre-processing of residual waste to extract recyclables; demand for biological treatment, e.g. anaerobic digestion; and existing contract compensation and penalty clauses.

9. Conclusion

- 9.1 The EU Circular Economy package will have a significant impact on the waste management operations and costs of local authorities.
- 9.2 The Authority, working with other JWDAs has commissioned a report to examine the potential impacts in more detail and to begin the dialogue with local District partners as well as the industry and central Government ahead of its potential transposition into UK law.
- 9.3 The Authority should coordinate the ongoing consultation responses.

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The background documents to this report are open to inspection in accordance with Section 100D of The Local Government Act 1972 - Nil.

Appendix 1: Potential Impact on Local Authorities of the EU Circular Economy Package