

REVIEW OF RECYCLING CREDIT PAYMENTS FOR TEXTILES
WDA/25/11

Recommendation

That:

1. Members approve a review of the recycling credit payment mechanism for textile recycling; and
2. Members agree to a consultation with representatives of organisations from the sector currently receiving recycling credit payments for diverting of textiles from landfill.

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REVIEW OF RECYCLING CREDIT PAYMENTS FOR TEXTILES**WDA/25/11****Report of the Chief Executive****1. Purpose of the Report**

- 1.1 To advise Members that the current recycling credit payment mechanism does not encourage the maximum recycling and diversion of textiles from the residual waste stream. It is proposed to review the recycling credit mechanism in light of best practice and with the involvement of those organisations currently receiving recycling credit payments for textiles.
- 1.2 A further report containing views from the sector organisations involved in the review and recommendations for a way forward will be presented to Members in the autumn.

2. Background

- 2.1 Recycling credits were introduced as a means of passing on the savings made equivalent to that of disposal cost expenditure to parties diverting household waste from landfill.
- 2.2 The Clean Neighbourhoods and Environment Act 2005 amended the Environmental Protection Act 1990 to retain the discretionary power to pay recycling credits to third party recyclers.
- 2.3 The current mechanism for recycling credit payment commenced in April 2006 following agreement by Members (WDA/07/05). MWDA now pays a flat £55.60 per tonne which is a proportion of the savings that would otherwise be spent on disposal. Practically this means that MWDA recycling payments form only a small proportion of the value third party recyclers achieve by selling textiles into an increasingly valuable commodity market where values in excess of over £450 a tonne are achieved.
- 2.4 A review of recycling credits was identified as part of the Operational Review process (WDA 11/10). This project will contribute to that review programme.

Merseyside Waste Disposal Authority**24th June 2011**

3. Current Recycling Credit Payment Mechanism

- 3.1 Merseyside Waste Disposal Authority pays recycling credits to third party organisations that recycle textiles. This includes non-profit making organisations, schools, voluntary groups, community groups and charities. The payments are calculated based on the weight of the material.
- 3.2 The payment criteria relates to materials generated from domestic households for recycling which would otherwise be disposed of to landfill. At present materials collected for re-use, or as a by-product of waste treatment are not eligible for recycling credits.
- 3.3 District Councils approve any new registrations operating in their area to ensure materials are not of a type being collected by them.
- 3.4 Claims for payment are made to MWDA and substantiated by submission of a weight ticket provided by a reprocessor. Claimant details, merchant details and the unique weight ticket number is recorded and kept for auditing purposes.

4. Current Position

- 4.1 The 2010 waste composition analysis identified that approximately 4.9 % (22,400 tonnes) of the residual waste stream consisted of textiles which could have been recycled.
- 4.2 A report on textile recycling in Merseyside was undertaken for MWDA in May 2011 and is available to Members upon request. The report highlighted in particular the disparity in MWDA payments relative to the value of the material, as well as the challenges facing the third sector such as the rise in low quality throw away clothing.
- 4.3 This raises concern that due to the value of the payments, the recycling credit system does not incentivise those current claimants to increase the amount of textiles they handle, or encourage new claimants such as community groups or not for profit organisations. However, it is recognised that the recycling credit revenue remains an important funding stream to those organisation that do claim credits.
- 4.4 Increasing textile recycling not only helps to improve recycling rates and make savings in disposal costs but also makes a positive contribution to reducing carbon emissions as textiles have the greatest carbon benefit when recycled of any material. This is therefore in line with the objectives

of the draft Joint Municipal Waste Management Strategy (see Authority report WDA/08/11).

- 4.5 The challenge for the Authority in the examination of Recycling Credits payments for textiles is therefore to manage the expectations of many key third sector organisations across Merseyside whilst maximising the value for money MWDA achieves financially and environmentally from its recycling credit expenditure.

5. Proposed Review

- 5.1 It is proposed that the review will be in two phases and undertaken on MWDA's behalf by Envirolink Northwest as part of the work programme MWDA receives as part of its annual sponsorship of the Local Authority support programme. The review will gather intelligence to identify other payment mechanisms used by other Waste Disposal Authorities across the UK, and in particular those that incentivise greater diversion of textiles.
- 5.2 The second phase will be to invite stakeholders from the organisations currently receiving recycling credits from MWDA to a consultation workshop to obtain views as to how MWDA can work with the third sector to improve its value for money. This will include an exploration of specific mechanisms that MWDA might use to amend its current recycling credits system and the impact this may have on them.
- 5.3 Final recommendations which take account of the views of the stakeholder consultation will be submitted to Members for approval later in 2011.

6. Risk Implications

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Failure to increase recycling performance to meet the draft Strategy target of 50%	3	4	12	Identify methods of increasing capture rates of recyclates currently sent to landfill.
Failure to make savings	3	4	12	Reduce the burden of landfill tax

on disposal costs				through incentivising the diversion of textiles for recycling and reuse.
Failure to engage with stakeholders which leads to implementation of schemes not supported by the relevant organisations and consequential reputational damage to MWDA.	4	3	12	Undertake a consultation with relevant bodies and take account of their views in decision making.

7. HR Implications

7.1 There are no HR implications associated with this report.

8. Environmental Implications

8.1 A key objective of the operational review is to ensure that the Authority maximises value for money and the review of the recycling credit payment mechanism is intended to lead to increased recycling of textiles and a contribution to improved environmental benefits.

9. Financial Implications

9.1 There are no financial implications associated with this report at this stage. Any financial implications as a result of the proposed review will be considered in a future report to Members on the outcome of the review.

10. Conclusion

10.1 Members are recommended to approve the proposed review of the recycling credits payments for textiles taking account of best practice and to determine whether greater collection of textiles can be incentivised through a revised payment mechanism.

- 10.2 That representatives from the sector are invited to participate in a consultation process and as an initial step to building greater relations with voluntary and community organisations, with a view to achieving a long term collaborative approach to textile recycling throughout Merseyside.

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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.