

TOWARDS A CIRCULAR ECONOMY**WDA/29/15****Recommendation**

That:

1. Members consider the report and the matters detailed at Appendix 1 which set out the likely potential for changes to waste regulation and targets for Europe in the medium term;
2. Members approve the proposal to take part in and contribute to an independent evidence based study into the likely impacts of the EU proposals; and
3. Members approve engagement with the JWDAs group to lobby Government and appropriate stakeholders to ensure they understand the likely impact and provide such financial and other logistical support as will be required to enable the Authority to respond to the likely challenges

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TOWARDS A CIRCULAR ECONOMY

WDA/29/15

Report of the Chief Executive

1. Purpose of the Report

- 1.1 The report highlights the impact of emerging changes in European legislation that are likely to have significant consequences for the Authority both operationally and financially.
- 1.2 The report seeks Members' support for engagement with the group of Joint Waste Disposal Authorities (JWDAs) to commission evidence based research into the likely consequences of the changes. It also seeks Members' support for joining with the JWDAs group to engage with government and the EU to seek such medium to longer term changes in legislation that could help local authorities to mitigate the financial impacts of the changes.

2. Background

- 2.1 The Authority has been working with constituent District Councils to reach the target of achieving 50% recycling by 2020 which is set out in the Joint Strategy and reflects the Waste Management Plan for England.
- 2.2 The Authority also liaises with other JWDAs of which there are six: four London Authorities; Greater Manchester; and Merseyside. The JWDAs group meets informally to share experience and work together on common issues such as that highlighted in this report.
- 2.3 While the devolved governments have established more ambitious targets there is a growing pool of evidence that for England the 50% recycling rate is proving stubbornly difficult to reach.
- 2.4 Changes to packaging behaviours and the markets for secondary materials continue to make the recycling target harder to achieve. Food waste collection has potential to contribute to recycling but its implementation across England has been patchy at best and currently is seen as relatively costly. At the same time there is evidence that the improving macro-economy may be driving a renewed growth in overall

waste arisings, which if sustained will make recycling targets harder to achieve and will lead to increasing waste management costs. At a time when local government funding and the Levy which forms part of it are under unprecedented pressure the potential for additional costs arising from changes in European legislation means that the financial and operational risks to the Authority and other similar organisations dealing with waste are considered to be high.

3. Resource Efficiency: towards a circular economy

- 3.1 The 2020 targets for recycling are no longer the focus for the EU which is now moving towards a significantly more ambitious approach under the auspices of the 'Circular Economy'. The report attached at Appendix 1 to this report, 'Developing an Evidence Base for a Circular Economy' explores the issues that this raises in more detail.
- 3.2 The European Parliament adopted a resolution (the Sirpa Pietikainen Opinion) in July 2015 calling for the Commission to introduce legislation by the end of 2015, including for Waste:
 - a) clear and unambiguous definitions;
 - b) developing waste prevention measures;
 - c) binding waste reduction targets for municipal, commercial and industrial waste to be achieved by 2025;
 - d) setting clear minimum standards for extended producer responsibility requirements to ensure transparency and cost effectiveness of the extended producer responsibility schemes;
 - e) applying the 'pay as you throw' principle for residual waste combined with mandatory separate collection schemes for paper, metal, plastic and glass in order to facilitate the high quality of recycling materials; introducing mandatory separate collection for bio-waste by 2020;
 - f) increasing recycling / preparation for re-use targets to at least 70% of municipal solid waste and 80% of recycling of packaging waste by 2030, based on a solid reporting method preventing the reporting of discarded waste (landfilled or incinerated) as recycled waste, using the same harmonised method for all Member States with externally verified statistics; an obligation for recyclers to report on the 'input' quantities of waste going into the sorting plant as well as the 'output' quantity of recyclates coming out of the recycling plants, preventing the reporting of discarded waste (landfilled or incinerated) as recycled waste;
 - g) strictly limiting incineration with or without energy recovery, by 2020, to non-recyclable and non-biodegradable waste;

- h) a binding gradual reduction of all landfilling, implemented in coherence with the requirements for recycling, in three stages (2020, 2025 and 2030), except for certain hazardous waste and residual waste for which landfilling is the most environmentally sound option; and
- i) introducing gate fees on landfilling and incineration;

3.3 These new proposals are not yet finalised, but give a firm indication of the direction of travel that the EU is likely to take, and they are likely to bring significant challenges for this and other waste disposal authorities.

3.4 The potential impact on local government of the EU establishing these ambitious targets is not yet clear. Each of the proposed targets will have an impact, some more significant than others. At a time when the financial pressures on JWDAs is very high and when each of the JWDAs either has or is in the process of investing in long term waste treatment infrastructure there is a clear need to understand the potential impacts. There is an evidence gap and the JWDA group is seeking to commission an independent study to look at modelling the impact of each of the following:

- a 70% municipal waste recycling target;
- a binding waste reduction target;
- the 80% packaging recycling target;
- the impact of residual waste charging;
- mandatory separate collection;
- limiting incineration to non-biodegradable and non-recyclable waste; and
- limiting landfill

3.5 Any of these new targets is likely to cost more; a range of them may cost significantly more at a time when the cost constraints on local government are tightening. The proposed study and evidence base will provide a baseline against which to assess the impact of the changes both on local government and with local and national partners.

3.6 While local government will always seek to deliver in new and innovative ways there is also scope for seeking support from Government to bring about changes that may mitigate against cost growth. Areas where Government intervention may support changes made by the JWDAs include:

- a) greater funding flexibility including changes in legislation to allow charging for services e.g. residual waste, schools, HWRCs;

- b) partnership working – merging management, back office or front line services;
- c) use of technology and information – electronically tagging bins to deliver personalised communications, targeted enforcement, direct charging;
- d) stronger legislation framework;
- e) integration of services e.g. work with troubled families dealing with all aspects of council interaction including waste;
- f) joint commissioning or procurement;
- g) national and regional harmonisation of waste collection and treatment systems;
- h) national material exchange for recycled materials;
- i) out-sourcing, joint-ventures or local authority owned companies
- j) moving from voluntary (Courtauld commitment) to compulsory retail commitments to address supply chain issues; and
- k) including waste in the devolution model

3.7 The response of the JWDAs group to the current and emerging issues arising from the EU focus on the wider circular economy is summarised in the report at Appendix 1. The intention is to develop, relatively quickly, an evidence based understanding of the likely impact of the broader EU proposals in the context of waste disposal in England. When the potential impacts are clearer the JWDAs group will seek opportunities to lobby Government and other stakeholders both to ensure they understand the issues and to gain support, especially financially, if the EU initiatives are used to underpin the national approach to waste treatment in England. Members are being asked for their views and whether they agree that the Authority should join with other Waste Disposal Authorities in this approach.

4. Risk Implications

- 4.1 The current waste framework and targets are proving to be more ambitious and expensive to deliver than had been expected when they were introduced. If through its circular economy proposals the EU imposes more targets the operational and financial costs for the Authority are likely to be significant.
- 4.2 Without an assessment of the impact of the EU proposals it is difficult to be definitive about which ones will have the greater impact and how much that impact might be. Therefore it is important to be involved in commissioning an evidence based review of the likely consequences of the proposals in the Sirpa Pietikainen Opinion.

- 4.3 Only when the implications of the EU proposals are understood will the Authority be in a position to quantify what could be considerable future impacts on its budget and therefore the levy. Potential financial implications for this Authority and its constituent councils include an increased cost of waste collection, waste treatment and the introduction of an incineration tax.
- 4.4 When the impact of the proposals has been assessed it is likely that it will not be possible for the consequences to be dealt with by local government alone, or within the current funding arrangements. Unless there is a wider understanding of those impacts the risk is that local government, and this authority, will be left to deal with consequences that may be beyond its scope to deal with effectively.

5. HR Implications

- 5.1 There are no immediate HR implications

6. Environmental Implications

- 6.1 The environmental implications of the report will be established by carrying out an initial study into the impact of the EU proposals.

7. Financial Implications

- 7.1 The financial impact at this stage is limited to making a contribution to the initial costs of the proposed evidence based research. The Authority's share of the proposed cost would be an equal share based on six JWDAs of approximately £30,000, ie. £5,000 at this stage.
- 7.2 It is proposed that this expenditure is funded from within the existing waste prevention budget and should there be a requirement to contribute to a more detailed review, this will be subject to a further report to Members before any commitment is made.

8. Legal Implications

- 8.1 There are no legal implications at this stage.

9. Conclusion

- 9.1 Members are asked to consider the report and the matters that are set out in more detail at Appendix 1 which describe the potential changes to waste regulation and targets for Europe in the medium term

- 9.2 Members are asked whether they wish to take part in and contribute to an independent evidence based study into the likely impacts of the EU proposals
- 9.3 Members are asked if they would wish to engage with the JWDAs group to lobby Government and appropriate stakeholders to ensure they understand the likely impact and provide such financial and other logistical support as will be required to enable the Authority to respond to the likely challenges.

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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.