

**TEXTILE RECYCLING CREDIT SCHEME REVIEW**  
**WDA/43/11**

**Recommendation**

That:

Members approve changes to the recycling credit payment mechanism for textile recycling as set out in paragraph 10.

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**TEXTILE RECYCLING CREDIT SCHEME REVIEW**  
**WDA/43/11**

**1. Purpose of the Report**

- 1.1 To advise Members on the outcome of the review of the recycling credit payments for textiles undertaken on MWDA's behalf by Envirolink Northwest.
- 1.2 To inform Members of the views gained from a consultation workshop held with the charity and community groups currently in receipt of recycling credit payments as part of that review.
- 1.3 To seek Members approval to implement changes to the recycling credit payment mechanism.

**2. Background**

- 2.1 Recycling credits were introduced as a means of passing on savings equivalent to that of disposal costs to third 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 for MWDA to pay recycling credits to third parties.
- 2.3 A review of recycling credits was undertaken as part of the Operational Review process (WDA11/10).
- 2.4 Members agreed to a review of recycling credit payments for textiles (Authority Report WDA /25/11).
- 2.5 The 2010 Waste Composition Analysis identified approximately 22,400 tonnes of textiles in the residual waste stream which could have been recycled.

2.6 The Scottish carbon metric identifies textiles as having the highest impact of any waste material in terms of carbon, therefore making textiles a priority material when addressing carbon impacts of waste management.

### **3. Scope of Review**

3.1 The review was undertaken on MWDA's behalf by Envirolink Northwest as part of the work programme in exchange for annual sponsorship of the Local Authority support programme. The report is available to Members upon request.

3.2 The scope of the work was to:

- Review current recycling credit payment mechanism in light of current market, value for money and incentivisation of textiles recycling.
- Consult with the current beneficiaries of recycling credits for textiles recycling issued by MWDA
- Review the national approach by Waste Disposal Authorities to recycling credit payments for textiles.
- Analyse options and provide recommendations for consideration by MWDA.

### **4. Findings**

#### **Current Market**

4.1 Envirolink concluded that there are a number of organisations actively collecting textiles from households for the recycling market. These are a combination of charitable and private sector organisations.

4.2 Whilst there is no lack of opportunity for the householder to recycle, research suggests that the rise of thefts of donations from the doorstep and bogus "charities" may be having a detrimental effect on householder participation.

#### **Existing Scheme**

4.4 The current rate of the existing recycling credit scheme is £55.60 per tonne for textiles recycled. In light of the current buoyant textile market where sums in excess of £600 per tonne are paid by rag merchants for

household textiles, the recycling credit payments made by MWDA fails to act as an incentive compared to the market price for textiles.

### **National Approach**

- 4.5 A review of the approach taken by Waste Disposal Authorities (WDAs) from the Northwest and a cross section of WDAs from across the UK revealed that there are a range of approaches taken by two tier and unitary authorities and waste partnerships which are dependent on local circumstances.
- 4.6 Four of the nine North West's WDAs stated that they are reviewing their position with regard to recycling credits, other WDA's nationally have already ceased paying recycling credits; citing budgetary pressures and the fact that the credit payment was no longer a 'real incentive to recycle' in such a buoyant textiles market.

### **5. Consultation Feedback**

- 5.1 Initial consultation with the current beneficiaries of the existing recycling credit scheme was undertaken in the form of a questionnaire to gather thoughts, ideas and opinions relating to barriers and opportunities.
- 5.2 Further consultation with these stakeholders was recommended to help address the issues identified by them, inform them of the outcome and recommendations of the review and to explore the issues and options around the proposed future strategy in terms of recycling credits and textiles.
- 5.3 A workshop with the stakeholders was undertaken on Friday 7 October 2011, the outcome of which is contained in a report which is attached as Appendix 1.
- 5.4 Ten of the thirty nine charitable and community organisations invited to the workshop attended. The workshop was structured to encourage as much discussion as possible and to gather specific thoughts and ideas on the key issues. These include; stakeholder communications, householder engagement, and the possibility of a dedicated fund aimed at promoting improved textile recycling. The responses to proposals have been summarised below:

### Quality of Textiles

- 5.5 Whilst workshop participants all stated that they could and would accept all grades of textiles, they were also careful to point out that they target the higher grades as this is where they realise the greatest returns. None would be willing to specifically, unilaterally advertise that they would accept 'any textiles' (old socks, ragged tea-towels etc.), but collectively could see the benefit of approving this message.

### Communication with householders

- 5.6 All the charities favoured a collective approach to encouraging all Merseyside's households to recycle all their textiles. The workshop group expressed their willingness to explore opportunities for communication campaigns, collaboratively between charities, the community sector and local authorities on Merseyside.

### Recycling Credit Payments

- 5.7 A suggestion put forward from the workshop as a possible way forward would be to reduce the recycling credit payment (suggesting a 50% cut) whilst using the remaining balance of money to create the textile recycling fund.

### Stakeholder Communication

- 5.8 There was an appetite from the workshop group to set up a forum that would allow them to share experiences, opportunities and potentially work together. Due to resource constraints it was felt that the forum would best function as an online basis similar to existing model such as the national Charities Recycling Association (CRA) forum. MWDA would have a role to play in facilitating that forum.

### General Comments

- 5.9 The workshop group expressed their appreciation at being provided with the opportunity to engage in dialogue with MWDA prior to any decision being made with regard to recycling credit payments for textiles.

All charities present agreed that they would be interested in exploring a 'joint communication initiative' with MWDA.

The British Heart Foundation (who was represented at the workshop) is currently producing a guide on how charities can best work with Local Authorities and have offered to share this with MWDA, when published.

## 6. Options

6.1 There are a number of options available with regard to the recycling credit payment mechanism:

- Maintain the current system; which would result in no savings being made and no opportunity to re-invest for increased diversion.
- Withdraw recycling credit payments for textiles entirely. This would provide a saving but would impact on charitable organisations and other stakeholders.
- Reduce the amount of recycling credit payment for textiles to £25.00 per tonne and re-invest savings to greater diversion of textiles from landfill. This would best fit with our shared objectives and provides the opportunity to improve through re-investment.

The review findings support the opportunity to make changes to the current recycling credit payment mechanism for textiles.

## 7. Risk Implications

Identified Risk	Likelihood Rating	Consequence Rating	Risk Value	Mitigation
Failure to increase recycling performance to meet the draft strategy recycling target of 50%	3	4	12	Identify methods of increasing capture rates of textiles currently sent to landfill.
Failure to make savings on disposal costs	3	4	12	Reduce the burden of landfill tax through incentivising the diversion of textiles for recycling and re-use.

Failure to engage with stakeholders which leads to continued lack of consistency in message regarding textiles recycling and consequential reputational damage to MWDA.	4	3	12	Undertake enhanced stakeholder engagement by assisting with the development of a forum to better identify and develop opportunities to incentivise textile recycling such as cross working within the sector.
Failure to incentivise further textile recycling.	4	3	12	Review the recycling credit payment mechanism and associated funding on an annual basis against performance of tonnages for textile recycling and effectiveness of communications with residents.

## 8. HR Implications

8.1 There are no Human Resource implications associated with this report.

## 9. Environmental Implications

9.1 The overall objective of increasing textile recycling supports the strategic objectives and targets of the revised Waste Strategy:-.

- Achieve a 50% recycling rate
- Reduce the climate change/carbon impacts of waste management
- Maximise waste prevention
- Maximise landfill diversion/recovery of residual waste
- Promote behavioural/cultural change that delivers the Strategy objectives

## **10. Proposed Course of Action**

10.1 The findings of the report, the suggestions made by the sector organisations and the current market all support the opportunity to implement changes to the recycling credit payments made for textiles. For this reason the following approach is proposed:

- Reduce recycling credit payments for textiles to a flat rate of £25.00 per tonne.
- Re-invest the budget as a result of this action to support the development of further engagement with the sector organisations; and
- Undertake communication campaign with residents with regard to textile recycling.

## **11. Financial Implications**

- 11.1 A budgetary saving would be made by stopping all recycling credit payments for textiles; however, this action of withdrawing support entirely for sector organisations at a time when their assistance to increase the diversion of textiles is welcome, is not considered beneficial. Failure to increase diversion would also result in a failure to capture the carbon benefit and continued landfill disposal costs.
- 11.2 The project proposal and model, if accepted, could be funded by reducing the level of recycling credit payments to £25.00, with a year on year saving of at least £25.60 per tonne in recycling credit payments in future years.
- 11.3 It is proposed that savings made be used for a targeted textile recycling communications campaign.
- 11.4 Members should be aware that the final budget position for the communications campaign will be subject to a review in the light of the

financial constraints on the Authority as part of the budget setting process. This would be capped at no more than the previous years' overall Recycling Credit budget for textiles.

- 11.5 If members agree to implement the changes and more textiles are diverted as a result, the Authority will save up to £96.00 per tonne in disposal and associated costs in addition to the possible savings already identified.

## **12. Conclusion**

- 12.1 The present buoyant textiles market, which is currently paying in excess of £600 per tonne for textile materials is the driver for textile recycling. Limiting the amount paid for textile recycling to a flat rate of £25.00 per tonne would maintain support for the sector whilst providing an opportunity to re-invest the remaining budget to greater incentivise diversion from landfill of this material.
- 12.2 MWDA could play a pivotal role in gaining co-operation with stakeholders such as the textile sector and develop effective communication with residents of Merseyside about textile recycling in line with national guidance from Waste & Resource Action Programme (WRAP) published later in 2011. This would help to increase awareness and understanding of textile recycling by Merseyside residents.
- 12.3 Evaluation of the effectiveness of the re-investment of savings for both establishing the forum, the communication plan and tonnage of diverted textiles will be undertaken following a period of twelve months, the results of which will be reported to Members.

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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