

ENVIRONMENT AND ECONOMY SCRUTINY COMMITTEE

Date of Meeting	Tuesday 9 March 2021
Report Subject	Recyclable Materials and the Impact of the Pandemic on Volumes and Resale Values.
Cabinet Member	Deputy Leader of the Council and Cabinet Member for Streetscene and Countryside
Report Author	Chief Officer - Streetscene & Transportation.
Type of Report	Operational

EXECUTIVE SUMMARY

The waste and recycling sector has undergone significant changes over the past 10 years with many improvements being made to the efficiency of collections and increased scrutiny of the end destinations for the materials collected, in line with legislative requirements. This has resulted in the Council exceeding Welsh Government (WG) targets and puts us in a strong position to achieve the next statutory target of 70% in 2024/25

However, as a direct result of the current pandemic, the Council has recorded unpredictable volumes of both waste and recycling collected at the kerbside, and Household Recycling Centres (HRC's), primarily due to the changes in resident's behaviours as a result of working from home, furlough, changes in buying habits and increased DIY activities.

In addition to the increasing tonnages, there has been negative market value fluctuations in the recyclable materials area. The volatility of the market makes it difficult to predict the future value of the material however, with Brexit completed and the Council investing in infrastructure improvements at Standard depot (which will improve the quality of materials sold), this income fluctuation is predicted to be a short to medium term risk to the Council.

This report provides Scrutiny with an updated position on the volume of waste and recycling being collected over the period of the pandemic and the financial impact that the short term change in rebate value is having on service budgets.

RECOMMENDATIONS

1	That Scrutiny notes the current volatility relating to both waste and recycling collection levels and rebate values for the recycling material collected in the County.
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REPORT DETAILS

1.00	Recyclable materials- increased expenditure on disposal of residual waste and recycling.
1.01	The waste and recycling sector has undergone significant changes over the past 10 years with improvements made to the efficiency of collections and increased scrutiny of end destinations, in line with legislative requirements. This has resulted in the Council exceeding WG targets and puts us in a strong position to achieve the next statutory target of 70% in 2024/25
1.02	<p>The waste and recycling service has been significantly impacted during the pandemic, through the temporary closure of Household Recycling Centres (HRCs) and particularly the availability of waste merchants due to furlough, business continuity, workforce availability and the reduced availability of European markets.</p> <p>There is a shortage in domestic treatment capacity for various recycled waste types and the limitation on material outlets has impacted on the prices received for our recycled materials. There is however, investment from both Welsh and UK Governments available, including for the private sector, which will aid market recovery in the longer term.</p>
1.03	It is worthy of note that there are strategic changes that could impact future recycling performance such as the introduction of the deposit return scheme (DRS) and proposals to extend the use of extended producer responsibility (EPR) schemes which puts a responsibility on the producers of recycled products to provide a sustainable use for the product, once it has been used. These are potential negative impacts of the 'Circular Economy', where the wide impacts will be felt by industry and in turn affect the Council expenditure and income of levels.
1.04	<p>As a direct result of the pandemic, the Council is noting unpredictable volumes of both waste and recycling collected at the kerbside, and Household Recycling Centres (HRC's). This is primarily due to the changes in resident's behaviours as a result of working from home, furlough, changes in buying habits and increased DIY activities.</p> <p>Overall recycling tonnages for materials such as paper, cardboard, glass, steel/aluminium cans and glass bottles (which are collected at the kerbside) has seen an increase of approximately 26% during 2020/21 in comparison to the same period during 2019/20. This equates to an additional 3,260 tonnes of materials collected. The amount of food waste collected has also increased by almost 10%, which is a rise of approximately 420 tonnes.</p>

	<p>While increased recycling volumes are to be celebrated, the pandemic has also had an impact on the amount of residual (black bin) waste that is collected. 2020/21 has seen an average increase of approximately 7% in the amount of this non-recyclable waste being collected and disposed of, equating to a rise of 2,423 tonnes over the current reporting period.</p> <p>Due to the national lockdown and closure of the HRCs for prolonged periods of time, tonnages of other recycled waste streams, such as soil, rubble and wood have decreased significantly over the period. The high density of this material (which is normally classed as recycled or reused) has disproportionately impacted on the overall recycling rate for 2020/21.</p> <p>The overall impact these changes have had on the annual recycling performance for the Council is yet to be calculated however, the final outturn figure is expected to be similar to that achieved in 2019/20 of 66%. This figure was in turn down approximately 2% on the 2018/19 reported figure of 68%.</p> <p>Officers are currently working to identify long term strategic changes which will aid performance recovery and futureproof the service, in order to achieve the ambitious target of 70% recycling in 2024/25. The proposals will be presented to Scrutiny for comment in July under the banner "Target 70%"</p>						
1.05	<p>Throughout the pandemic, the overall rebate value for recycling materials sold by the Council has reduced significantly. This leaves a financial pressure on the Council as the income received from the sale of recyclable materials forms part of the service budget. The expected and actual income is detailed below:</p> <table data-bbox="320 1227 1102 1375"> <tr> <td>Annual budget for recycling income 2020/21</td> <td>£0.886M</td> </tr> <tr> <td>Expected Income 2020/21</td> <td>£0.616M</td> </tr> <tr> <td>Loss of income 2020/21</td> <td><u>£0.269M</u></td> </tr> </table> <p>The Council has made a claim to the Welsh Government hardship fund to cover this shortfall of income.</p>	Annual budget for recycling income 2020/21	£0.886M	Expected Income 2020/21	£0.616M	Loss of income 2020/21	<u>£0.269M</u>
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Loss of income 2020/21	<u>£0.269M</u>						
1.06	<p>The increased cost of disposing of the additional residual waste collected has also had a significant financial impact, with the budget and outturn detailed:</p> <table data-bbox="320 1704 1123 1852"> <tr> <td>Annual disposal Budget 2020/21</td> <td>£3.121M</td> </tr> <tr> <td>Expected Disposal cost 2020/21</td> <td>£3.268M</td> </tr> <tr> <td>Increased expenditure 2020/21</td> <td><u>£0.147M</u></td> </tr> </table> <p>The Council has made a claim to the WG hardship fund to cover this increased expenditure, which has been funded for the first 2 quarters of 2020/21.</p>	Annual disposal Budget 2020/21	£3.121M	Expected Disposal cost 2020/21	£3.268M	Increased expenditure 2020/21	<u>£0.147M</u>
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1.07	To monitor the ongoing changes, officers regularly attend WG led regional meetings at which intelligence is provided on the national recyclable market and recycling volume changes. Notification of any potential issues are raised during these meetings, and industry standard advice is shared between key stakeholders.
1.08	For disposal outlets, the Council works to the proximity principal of keeping all waste for disposal as close to source as possible. As a result our waste and recyclable materials are currently all being processed and disposed of in the United Kingdom.

2.00	RESOURCE IMPLICATIONS
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2.01	<p>Revenue: The identified pressure has been reported in budget monitoring and Covid-19 support has been applied for the current financial year from WG, monitoring will be in place for future financial years.</p> <p>Capital: there are no implications for the approved capital programme for either the current financial year or for future financial years</p> <p>Human Resources: there are no implications for additional capacity or for any change to current workforce structures or roles.</p>
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3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	N/A

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	With Cabinet Member

5.00	APPENDICES
5.01	N/A

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>https://wrap.org.uk/resources/report/gate-fees-report-2019-comparing-costs-waste-treatment-options-uk</p> <p>https://wrap.org.uk/resources/report/gate-fees-report-2020</p>

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Steve Jones Chief Officer</p> <p>Telephone:</p> <p>E-mail: stephen.o.jones@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>(1) HRC: Household Recycling</p> <p>(2) EPR: Extended Producer Responsibility- restructure of the UK's Packaging Waste Regulations- will see the cost of collecting household waste switch from the taxpayer to producers, therefore making producers responsible and providing them with the incentive to produce less waste and demonstrate a deeper commitment to reducing their environmental impact</p> <p>(3) DRS: Deposit Return Scheme – returning packaging materials to a central location for an incentive – digital option being trailed.</p> <p>(4) CE: Circular Economy- is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. (ellenmacarthurfoundation.org)</p> <p>(5) Rebate: a term used to describe income of material sales.</p>