

NORTH LONDON WASTE AUTHORITY

REPORT TITLE:

THIRD PARTY RE-USE AND RECYCLING CREDIT REGISTRATIONS

REPORT OF:

HEAD OF WASTE STRATEGY AND CONTRACTS

FOR SUBMISSION TO:

AUTHORITY MEETING

DATE:

10th February 2010

SUMMARY OF REPORT:

This report advises Members of the third party organisations that have applied to be registered for third party reuse and recycling credits for 2010/11 and recommends their approval.

RECOMMENDATION

The Authority is recommended to approve the applications for registration for reuse and recycling credits payments from all fifteen organisations listed at Appendix 2 of this report.

**Signed by Head of Waste Strategy
and Contracts**

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Date: 1st February 2010

1.0 OVERVIEW

- 1.1 Reuse and recycling credits are paid to parties that remove items from the municipal waste stream for reuse or recycling that would otherwise have been sent to landfill at the Authority's expense. The value of the credit recognises the saving to the Authority made by this recycling activity.
- 1.2 The Government recognises the benefits offered by third party recycling activities and expects the Authority to be predisposed to make such payments and introduced a new scheme through Section 49 of the Clean Neighbourhoods and Environment Act 2005 (CNEA 2005) with new guidance to encourage this.
- 1.3 Payment of credits to third parties for waste they divert from landfill for recycling, composting or reuse is consistent with implementation actions (4.C2 and 8.B1) within the North London Joint Waste Strategy.
- 1.4 The Authority's current scheme for third party reuse and recycling credits commenced in 2007/08. The eligibility criteria for 2010/11 applications were agreed early in April 2009 and are set out in Appendix 1 of this report.

2.0 CALCULATION AND PAYMENT OF REUSE AND RECYCLING CREDITS TO THIRD PARTIES

- 2.1 Since 1st April 2006, the Authority has had the power under the Clean Neighbourhoods and Environment Act to make recycling credit payments to third parties according to the amount of waste that is diverted from the Authority's waste stream. The Government expects the Authority to be predisposed to pay claims from third parties. If an application for third party credits is refused, the Authority is expected to provide reasons for the refusal.
- 2.2 The Government suggests that the sale of second-hand books or clothes and the use of returnable or refillable bottles is not eligible for credit payments and that goods donated to charity shops are not classified as waste at the point of donation, so charity shops are not eligible to receive recycling credits on goods as they are donated to their shops. However, charity shops can claim reuse and recycling credits for items that cannot be sold and are then recycled or exported for reuse. Both the Environment Agency and community waste sector have produced guidance notes on reuse that contain advice for local authorities and third parties, but difficult uncertain instances of reuse in particular will inevitably arise and judgments will have to be formed on whether the reuse activity proposed is genuinely reducing the Authority's waste stream.
- 2.3 The value of third party reuse and recycling credits is calculated using the method described in the Environmental Protection (Waste Recycling Payments) (England) Regulations 2006¹.

¹ The credit is to be calculated as the average cost per tonne of waste disposal for similar waste in 2005/06, using the Authority's most expensive form of disposal in each WCA area as of 31 March 2006 and then calculating an average of these WCA values across a whole WDA area to create a single credit value across a WDA area. The calculation methodology then required the WDA 'average' credit value to be increased by 3% on 1st April 2007 with subsequent increases of 3% of the compounded figure on 1st April each year thereafter. The 3% per annum increase in the value of credits means that the value of the credit reflects increasing avoided disposal costs but not the increasing costs of landfill tax.

- 2.4 The method of credit calculation is open to review by Government for example if there were circumstances where inflation was to rise substantially over 3%. However, following current guidance for 2010/11 the reuse and recycling credit value for the Authority area is budgeted as £58.67 per tonne, a figure that is not permitted to take account of expenditure incurred in administering the scheme.

3.0 APPLICATION PROCESS FOR REGISTRATION

- 3.1 In order to budget appropriately, organisations wishing to claim credits are asked to complete an application form by 31st December for registration to claim credits in the subsequent financial year. The application form requires applicants to estimate the number of tonnes for which they expect to claim credits in the forthcoming year, should their application be successful. Only organisations that have been successful in registering for credits with the Authority are then able to make tonnage claims throughout the year. The registration of applicants is renewed annually.
- 3.2 Between September and December 2009 Authority officers contacted all third party organisations that had previously expressed an interest or been registered for the receipt of reuse and recycling credits from the Authority to remind them² about the deadline for receipt of applications.

4.0 APPLICATIONS RECEIVED AND FUTURE DECISIONS

- 4.1 Fifteen organisations have submitted applications to register as potential claimants for recycling and reuse credits in 2010/11 as shown at Appendix 2. From the application forms submitted, all of the organisations meet the applicable eligibility criteria and are recommended for registration. All of the constituent borough councils have applicants working in their areas.
- 4.2 Members may wish to note that the total tonnage for which the 2010/11 applicant organisations anticipate they will want to claim (3,305.5 tonnes) represents a 23.5% increase on the 2,676.0 tonnes anticipated by the sixteen non-profit making applicants for 2009/10. The Authority budget presented elsewhere on this Authority agenda allows for this increase and includes a budget provision of £204,000.
- 4.3 The Authority's policy on applications is next due for review in September 2010 for the next registration cycle and after national negotiations regarding reuse and recycling credits payments have been concluded between local authority and retailer representatives. At this time Members will be able to decide on any changes to the criteria for 2011/12.

5.0 RECOMMENDATION

- 5.1 The Authority is recommended to approve the applications for registration for reuse and recycling credits payments from all fifteen organisations listed at Appendix 2 of this report.

² Information about registering for credits including application forms for registration is also available throughout the year on the Authority website at www.nlwa.gov.uk

6.0 COMMENTS OF THE LEGAL ADVISER

6.1 The Legal Adviser has reviewed this report and his comments are incorporated within the body of the report.

7.0 COMMENTS OF THE FINANCIAL ADVISER

7.1 The comments of the Financial Adviser have been incorporated into this report and he has no further comments to add.

Local Government Act 1972 – Access to information

Documents used: “Guidance on the Recycling Credit Scheme”, DEFRA, April 2006 (<http://www.defra.gov.uk/environment/waste/localauth/pdf/recyclingcreditscheme-guidance.pdf>)

Community Recycling Network “Measure your treasure” guidelines, available on the Community Recycling Network website <http://www.crn.org.uk/projects/myt/contents.shtml>, originally published as a report from a data collection project of the same name, by the Community Recycling Network, 2001

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**NORTH LONDON WASTE AUTHORITY POLICY
ON THE PAYMENT OF
THIRD PARTY REUSE AND RECYCLING CREDITS – 2010/11**

The Authority has agreed to pay third party reuse and recycling credits subject to a range of conditions:

- i) Only household waste, including waste collected from schools and colleges that is recycled, composted or reused is eligible for a credit.
- i) All waste must be collected within the area served by the North London Waste Authority and its constituent borough councils.
- ii) The collection of waste for recycling (or reuse) does not conflict with existing Borough collection schemes and is consistent with the North London Joint Municipal Waste Strategy.
- iii) The Authority or the constituent borough councils do not already pay for the waste to be collected or recycled.
- iv) All claimants and reprocessors that will collect and recycle waste must be registered and approved at the February Authority meeting for the subsequent financial year. Registrations must be renewed annually.
- v) Applicants must advise the Authority of such details as are required to budget adequately and verify the claims made. These details may be amended or added to in future but are currently:
 - Organisation name and address
 - Description of recycling or reuse activity
 - Whether the organisation is a not-for-profit, profit-making or charity
 - Location by borough of waste collection points
 - Types and estimated quantities of materials to be collected for recycling or reuse.
- vi) Claims are to be made quarterly during the financial year. Quarterly claims are to be submitted to the Authority within eight weeks of the quarter end.
- vii) The waste collector and subsequent holders of the waste must be fully compliant with the waste Duty of Care and other relevant waste management regulations and evidence to support this compliance must be made available to the Authority.
- viii) All claims are to be submitted in writing to the Authority and must be supported by sufficient evidence to allow the Authority and the constituent borough councils to include the waste in the calculation of National Indicators and to satisfy all our external auditors.

- x) Applications for registration for third party reuse and recycling credits from profit-making companies or associated organisations (such as non-profit making trusts or foundations associated with a private, profit-making company or a company such as a charity trading company, which covenants 100% of its profits to a charity or other non-profit-making organisation) will not be considered. (This policy will be reviewed for the next registration cycle after national negotiations regarding reuse and recycling credits payments have been concluded between local authority and retailer representatives.)

- xi) Applications for registration from companies subject to any form of producer responsibility legislation or schemes and for wastes potentially falling within these will similarly not be considered.

**ORGANISATIONS THAT HAVE APPLIED TO REGISTER FOR THIRD PARTY
REUSE AND RECYCLING CREDITS
FROM THE NORTH LONDON WASTE AUTHORITY FOR 2010/11**

Contact and address of Organisations	Description	Non-profit or Charity	Registered in 2009/10?	Location of collection points	Materials	Estimate Annual tonnage
Barnardos Children's Charity Linney House, Tanners Lane, Barkingside, Essex IG6 1QG Charity number 216250	Charity shops	Yes	Yes	Barnet	Textiles, shoes	65
				Waltham Forest	Paper, cardboard	
					Metals, plastic	
					Books	
British Heart Foundation Crown House, Church Road, Claygate, Esher, Surrey KT10 0BF Charity number 225971	Charity shops	Yes	Yes	Barnet	Textiles	130
				Camden	Shoes	
				Enfield		
				Waltham Forest		
British Red Cross South Area 8 Retail Office 26 Burleigh Street Cambridge, CB1 1DG Charity number 220949	Charity shops	Yes	No	Barnet	Textiles	80
				Camden	Shoes	
				Enfield	Books	
East London Community Recycling Partnership 6 Muir Road, Nightingale Estate, Clapton, E5 8PG	Community composting on estates	Yes	No	Hackney	Kitchen waste	100
Help the Aged Retail Division, 207-221 Pentonville Road, London N1 9UZ Charity number 272786	Charity shops	Yes	Yes	Barnet	Textiles	95
				Camden	Paper, cardboard	
				Waltham Forest	Plastic	
					Metals	

Homestore (QSA) Unit 2, Maryland Industrial Estate, 26 Maryland Road, Stratford E15 1JW Charity number 1069157	Furniture collections	Yes	Yes	Waltham Forest	Furniture	15.5
Make-A-Wish Foundation 329-331 London Road Camberley Surrey, GU15 3HQ Charity number 295672	Textiles collections	Yes	No	All seven boroughs	Textiles	100
					Shoes	
Minds Matter 15-19 Broadway, Stratford, London E15 4BQ Charity number 219830	Charity shops	Yes	Yes	Hackney	Textiles	20
				Haringey	Shoes	
				Enfield		
North London Hospice 47 Woodside Avenue, London, N12 8TF Charity number 285300	Charity shops	Yes	Yes	Barnet	Textiles	140
				Enfield	Books	
				Haringey		
NSPCC Weston House, 42 Curtain Road London, EC21 3NH Charity number 216401	Charity shops	Yes	No	All seven boroughs	Textiles	100
Oxfam 76-78 High Street, Shirley, Southampton SO15 3NE Charity number 202918 & 039042	Charity shops	Yes	Yes	All seven boroughs	Textiles, books	1,500
	Clothing banks				Paper, cardboard	
					Plastic, metal	

PDSA Whitechapel Way, Priorslee, Telford TF2 9PQ Charity number 208217	Charity shops	Yes	Yes	Barnet	Textiles, shoes	100
				Waltham Forest	Books	
Restore Community Projects 18 Ashley Road, Tottenham, London N17 9LJ Charity number 1054645	Furniture collections	Yes	Yes	All seven boroughs	Furniture	300
	Shop					
Scope Stock and Recycling Department, 6 Market Road London, N7 9PW Charity number 208231	Charity shops	Yes	Yes	All seven boroughs	Textiles, shoes	210
	Textile banks				Books	
Traid 5 Second Way, Wembley, London, HA9 0YJ Charity number 297489	Shops	Yes	Yes	All seven boroughs	Textiles, shoes	350
	Clothing banks					
					TOTAL	3,305.5
The total tonnage from 2009/10 applications (provided at the time of application was 3,456 tonnes, although this included profit-making organisations).						

**NORTH LONDON WASTE AUTHORITY
PAYMENT CRITERIA FOR
THIRD PARTY REUSE AND RECYCLING CREDITS**

A successful registration does not mean that an applicant will automatically receive credits from the Authority – payment of credits remains subject to an initial inspection or audit visit to carry out waste management licences and/or exemption checks and see reporting systems; in-year inspections and a later scrutiny and audit process at the time of the final claim. The payment criteria for applicants claiming third party credits from the North London Waste Authority are that organisations:

- i) Must be formally registered by the Authority.
- ii) Must provide evidence of a collection and reuse or recycling system and tonnages, or other agreed measurements, including the source of the waste acceptable to the Authority and must submit quarterly data to the Authority in an agreed form no later than eight weeks after the end of the Authority's relevant quarter and financial year-end.
- iii) Must provide evidence of Environment Agency issued Waste Carrier Registration(s) (if applicable).
- iv) Must provide evidence of Environment Agency issued Waste Management Licence or exemption (if applicable).
- v) Must co-operate fully with Authority officers in their inspections and auditing of the above.
- vi) Must accept that the Authority will make quarterly payments in line with quarterly claims submitted by the registered organisations subject to in-year inspections and a final year-end audit at the close of the Authority's financial year.

Report Ends