

**Agenda Item No:**

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:**

**DEFRA CONSULTATION ON RECYCLING AND COMPOSTING TARGETS**

**REPORT OF:**

**HEAD OF WASTE STRATEGY & CONTRACTS**

**FOR SUBMISSION TO:**

**AUTHORITY MEETING**

**DATE:**

**7<sup>TH</sup> DECEMBER 2005**

**SUMMARY OF REPORT:**

This report sets out the principal matters raised in a consultation paper produced by DEFRA on proposed changes to local authority statutory performance standards on recycling and composting in 2007/08.

**RECOMMENDATION**

It is recommended that the Authority approves the draft response to this consultation at Appendix 1.

**Signed by:**

**Head of Waste Strategy and Contracts**

.....

**Date:** .....

## **1.0 BACKGROUND**

- 1.1 Waste Strategy 2000 set targets to recycle or compost at least 25% of household waste by 2005, rising to at least 33% by 2015. The Government also has a PSA (Public Service Agreement) target to achieve 25% recycling or composting of household waste by 2005/06 with further improvement thereafter.
- 1.2 To ensure that all local authorities contribute to achieving the PSA target and Waste Strategy 2000 targets, the Government set statutory performance standards for recycling and composting in 2003/04 and 2005/06 for each local authority in England, including for the joint waste disposal authorities – NLWA's target being 18% recycling and composting in 2005/2006.
- 1.3 The statutory performance standards when combined were designed to deliver the national target of 17% recycling and composting in 2003/04 and 25% in 2005/06. The individual targets for authorities were set as part of the existing Best Value framework and ranged substantially in percentage terms.
- 1.4 In December 2004 Government announced that a cap would be placed on authorities with the highest targets and specifically that targets would be held at 30% for 2005/06. This meant that those who had been set targets of more than 30% found their targets revised downwards for 2005/06.
- 1.5 This latter change was made in the light of the fact that there were differential rates in growth of household waste arisings. Also, the Landfill Allowance Trading Scheme (LATS) and Landfill Tax increases were being implemented which it was hoped would drive a move away from landfill disposal; and whilst some local authorities were struggling to hit their targets, others were exceeding them.
- 1.6 According to the consultation document, current estimates for 2005/06 suggest that the country will reach a combined recycling and composting rate for England of 22.7% unaudited, by the end of the year, (compared to the target of 25% for 2005/06).

## **2.0 RATIONALE FOR CHANGE**

- 2.1 The Government is suggesting that the originally proposed continuous rise in statutory recycling and composting targets is slowed or even halted in the short term.
- 2.2 This is against a background of:
  - the country being close to achieving its recycling and composting targets for household waste
  - combined with the fact that some local authorities are struggling to reach their 2005/06 targets
  - plus the introduction of new policy instruments and fiscal drivers to further encourage the move away from landfill disposal

- although other local authorities are already exceeding their statutory targets, of which some are set at 30%

- 2.3 The consultation document highlights that LATS and Landfill Tax are considered by many to be the key drivers of change until 2020. The document suggests that given the longer lead in times to build recovery facilities, many collection and disposal authorities see higher levels of recycling and composting as the principal means by which collection authorities can contribute to the LATS obligations of the disposal authorities in the short term. It is therefore suggested that this short term focus on recycling and composting will drive further investment in recycling and composting, without the need for statutory targets to be set to achieve these higher recycling and composting rates.
- 2.4 The other argument which the document outlines for, 'easing the foot off the pedal' now, is that in the longer term there will be a review of the targets as part of the Waste Strategy Review, (currently underway, with further reviews in 2010 and 2015) which will also include a review of the whole performance framework.
- 2.5 As a counter to slowing the increase, or even stopping the increase in recycling and composting targets, the consultation document recognises that in the face of other budgetary constraints and without statutory targets there is a risk that some waste collection authorities (WCAs) might decouple themselves from existing collaborative working arrangements in two tier authorities if target increase is slowed or stopped.
- 2.6 So in conclusion, the consultation suggests that in the short term there is a need to set continued increases in recycling and composting rates in the next set of targets for 2007/08 in order to maintain momentum and signal Government's commitment to moving up the waste hierarchy, but that the increase should not be overly burdensome or expensive.
- 2.7 It is also noted that paragraphs 2.2 and 2.5 above seem to highlight the contradictory nature of the consultation document. Given that for the vast majority of WDAs, LATS allowances reduce over time, there will still be a need to increase recycling and composting activities and therefore, not doing so will continue to be expensive. Even the Authority, which is in a favourable trading position in relation to LATS allowances, needs to continue to reduce the amount of waste it sends to disposal because of the long-term goals that need to be achieved.

### **3. FOUR OPTIONS FOR SETTING THE 2007/08 TARGETS**

The consultation paper sets out four options for establishing the 2007/2008 targets, as follows:

- 3.1 **Do nothing**
- set no targets beyond 2005/06
  - risks are a decoupling of WCAs in particular from joint working arrangements in the face of other budgetary constraints

- risk of failure to meet EU targets
- could lead to very variable levels of service
- the consultation paper says that this option could deliver 27.1% recycling & composting (assuming optimal joint working) in 2007/08
- this is not the Government's preferred option

**3.2 Freeze the targets - i.e. set 2007/08 targets at the same level as 2005/06**

- this option allows any local authority which fails to reach its 2005/06 target in 2005/06 to reach it by 2007/08
- the Government considers that this option ensures continued progress on targets at a national level, (but not at an individual authority level if targets have already been achieved or exceeded)
- the consultation papers says that this option could deliver 28.5% recycling & composting at a national level
- will ensure WCAs stay within their existing collaborative structures

**3.3 Freeze the mid-range targets, maintain the current 30% maximum cap and move the minimum target up from 18% to 20% for 2007/2008**

- according to the consultation paper, this would affect 143 local authorities whose current 2005/06 targets is 18% or less
- the consultation paper suggests that this option would give an overall rate of 28.65% recycling and composting
- this is the Government's preferred option

**3.4 Freeze the mid-range targets, but both move the minimum target of 18% to 20% and reinstate the higher levels for those authorities with targets originally above 30%**

- the consultation paper states that this option would cost an additional £48 million at 2005/06 prices
- the consultation paper identifies that this option would give an overall recycling and composting rate of 29.7%

3.5 It is proposed that pooling arrangements would continue to be allowed if option 2 or 3 is agreed. Pooling arrangements to date are estimated to have resulted in an additional 40,000 tonnes being recycled in England in 2003/04 compared with what might have been expected with the original targets.

3.6 Finally, the consultation document outlines the role of engagement and intervention in poorly performing authorities. The level of engagement ranges from a face-to-face meeting with the relevant minister to a face-to-face meeting with DEFRA officials and the relevant Government Office. The consultation paper states that the Government's current engagement and intervention strategy is being reviewed and that should that review lead to any significantly different proposals, then a consultation process will be undertaken.

#### 4. IMPACT ON THE AUTHORITY

4.1 The table below outlines the impact on the Authority and its constituent boroughs under each of the options proposed in terms of future targets.

Statutory Targets for 2003/04	2005/06	2007/08		
		Option 2	Option 3	Option 4
Barnet	18%	27%	27%	27%
Camden	22%	30%	30%	30%
Enfield	18%	27%	27%	27%
Hackney	10%	18%	18%	20%
Haringey	10%	18%	18%	20%
Islington	10%	18%	18%	20%
Waltham Forest	12%	18%	18%	20%
NLWA	12%	18%	18%	20%

The North London Joint Waste Strategy

Target = 35% recycling and composting by 2010 and 45% recycling and composting by 2015

4.2 The above table shows the Authority's target for 2007/08 as being 18% under option 2 and 20% under options 3 and 4. If the North London Joint Waste Strategy target of 35% by 2010 is to be achieved, previous modeling work by AEA Technology showed that the following targets are needed year on year (for the year to 31<sup>st</sup> March):

18% 2006 i.e the same as the above

18% 2007

20% 2008 equivalent to option 3 and option 4 targets

25% 2009

30% 2010

35% 2011

#### 5. COMMENTS OF THE FINANCIAL ADVISER

5.1 Although, the consultation document highlights the perceived influence that the Landfill Allowance Trading Scheme (LATS) will have in driving investment in recycling and composting facilities beyond 2005/06, the need to reinforce this, by continuing to set and for local authorities to achieve progressively higher recycling and composting targets, will help maintain the momentum and achievement of the challenging targets which lay ahead. As a consequence this should help reduce the risk of financial penalties arising under LATS.

#### 6. COMMENTS OF THE LEGAL ADVISER

6.1 The Legal Adviser has no comments on this report.

## **7. RECOMMENDATION**

- 7.1 It is recommended that the Authority approves the draft response at Appendix 1.

### **Local Government Act 1972 – Access to information**

**Documents and Websites used:** Options for local authority statutory performance standards on recycling and composting in 2007/08, a consultation paper, Defra, October 2005

[www.defra.gov.uk/corporate/consult/recycling-composting/index.htm](http://www.defra.gov.uk/corporate/consult/recycling-composting/index.htm)

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## **APPENDIX 1**

### **DRAFT RESPONSE TO OPTIONS FOR LOCAL AUTHORITY STATUTORY PERFORMANCE STANDARDS ON RECYCLING AND COMPOSTING IN 2007/08**

Local Authority Waste Performance Team  
Department for Environment, Food and Rural Affairs  
Zone 7/E13  
Ashdown House  
123 Victoria Street  
London  
SW1E 6DE

11 December 2005

Dear Sir or Madam

#### **Consultation on options for local authority statutory performance standards on recycling and composting in 2007/08**

Thank you for providing us with the opportunity to respond to the consultation on the above. NLWA is one of the six joint waste disposal authorities in England. We are also responding within the context of having agreed with our constituent boroughs a joint waste strategy recycling and composting target of 35% recycling and composting by 2010 and 45% recycling and composting by 2015. This is well above the NLWA's statutory target of 18% recycling and composting for 2005/06 and a recycling and composting target of a similar figure for 2007/08, under option two of the Department's proposals and 20% under option three.

The range of targets for our constituent boroughs goes from 18 – 30% for 2005/06, with an authority wide target of 18% for the same financial year.

Officers from the NLWA and the constituent boroughs have discussed the above consultation paper collectively but you will receive a response individually from both tiers of local waste services in our area.

Thank you once again for the opportunity to respond to this consultation and if you require clarification on any of the points raised, please do not hesitate to contact me.

Yours sincerely

**Andrew Lappage**  
**Head of Waste Strategy & Contracts**

## **Consultation response on options for local authority statutory performance standards on recycling and composting in 2007/08**

### **North London Waste Authority (NLWA) Draft Response**

The NLWA sets out below answers to your direct questions.

#### **Defra Questions**

##### **Q.1 Do you agree with the assessment that it is not a realistic option to not set any further recycling and composting targets for local authorities?**

A.1.1 Yes. In order to drive authorities' performance forward and particularly given the weighting that recycling and composting targets have in terms of their contribution to the comprehensive performance assessment (CPA) targets, in the NLWA's view it would be a retrograde step not to set any further recycling and composting targets for local authorities. In addition to this authorities have already made or started to make investments in order to reach progressively higher targets and some authorities, including the NLWA, have set targets which are higher than those required under the statutory obligations.

A2.1 The only other comment from the NLWA is that given the imperative to meet landfill diversion targets, which are based on municipal waste (rather than household waste), that it might be useful to consider standardising targets for local authorities on municipal, rather than household waste in the future.

##### **Q.2 Do you agree with the proposal to maintain the 2005/06 recycling and composting targets for 2007/08?**

A.2.1 The NLWA does not believe that the 2005/06 recycling and composting targets should continue to apply until 2007/08. The Authority believes that there is a need to continue to set and for local authorities to reach progressively higher recycling and composting targets and therefore does not agree with any stabilisation of targets at this stage. Even if it is estimated that under the above proposal, the country would achieve national recycling and composting targets, stabilising the targets at this stage sends a message that the existing momentum is being slowed. It also sends a questioning message about the investment to date in collection and processing infrastructure aimed at reaching higher targets and it runs counter to some of the other programmes and investment being made at a national level to further develop recycling and composting facilities and activity – e.g. The Waste and Resources Action Programme's (WRAP's) Recycling and Organics Technical Advisory Team (ROTATE) and DEFRA's Waste Implementation Programme (WIP).

A.2.2 The Authority recognises that 43% of authorities did not meet their 2003/04 targets and that it is likely that others will fail to reach the 2005/06 targets, however there are others who are already exceeding their current targets so there is no merit in deliberately slowing progress at this stage.

A.2.3 The other key issue is that it is the Authority's understanding that those authorities who have invested to reach their recycling and composting targets can count associated cost savings towards their Gershon efficiency savings – as long as that investment and resultant savings help the authority to meet its statutory recycling targets. However, any investment which may now lead to the authority over-achieving in terms of recycling and composting targets cannot be counted as Gershon savings. The net effect is that if targets are stabilised the potential for Gershon savings to be realised is reduced. Whilst this might more appropriately be considered under a review of Gershon savings, it is a point worth noting here.

**Q.3 Do you feel that any further modifications should be made to this proposal to focus targets for 2007/08?**

A.3.1 Yes, the Authority's view is that further, progressively more ambitious targets should be set for the future which continue the progression towards increased recycling and composting as stated above.

**Q.4 Do you agree with the Government's preferred option to maintain the level of recycling performance at 2005/06 levels and increase the floor recycling target from 18 per cent to 20 per cent for 2007/08?**

A.4.1 We agree with the proposal to increase the minimum recycling rate from 18 to 20%, although we do not agree with setting the 2007/08 targets at 2005/06 levels.

A.4.2 The Authority recognises, particularly for inner city authorities with high proportions of transient and other difficult to reach groups, that the 20% target is challenging when faced with other service issues and needs. However, whilst there are such issues and there have been late and slow starters, all our constituent borough councils have agreed to the North London Joint Waste Strategy targets which work progressively towards a 35% rate in 2010.

**Q.5 Do you feel that any further modifications should be made to the proposals to focus any future targets?**

A.5.1 Yes. The NLWA believes that further modifications do need to be made to the proposals to focus any future targets. The Authority supports the rationale for closing the gap between the present best and poor performers, but does not believe that fixing 2007/08 targets at 2005/06 levels, capping the top performers and uplifting the poorest is the only action that could or should be taken.

A.5.2 The present 2007/08 targets originate from historic performance in 1998/1999 and do not reflect either the situation now or the potential to improve.

A.5.3 Consideration should also be given to the weight that Comprehensive Performance Assessment (CPA) assessors give to the achievement of recycling targets when making their assessments of authorities. If targets are stabilised will CPA assessors take account of the potentially higher joint waste strategy targets instead? This would be a particularly important issue for those authorities which have set higher joint targets than the statutory minimum.

A.5.4 We would also suggest that consideration is given to extending future targets to municipal rather than household waste. Such an extension would ensure that the basis on which both recycling and Landfill Allowance Trading (LATs) targets are applied, is consistent.

A.5.5 Different authorities have differing levels of potential for improvement and an assessment should be made of this, before either 'restricting' the potential high achievers or unduly burdening those with significantly less potential. However, in principle there is a need:

- to provide equity of service and access to facilities across the country
- to provide all authorities with the opportunity to aim high, providing them with the potential of achieving greater Gershon savings too
- to allow exemplars at all levels
- for the system of recycling and composting targets to be aligned with and drive the future investment in support such as Defra's WIP and WRAP's ROTATE support service.

A.5.6 Finally, the Government's preferred option in the consultation paper presented, does not provide a clear focus for the long term future, but a short term option which sends a message, despite all the investment of time, money and human resources into recycling and composting, that the Government is now 'slowing down' its commitment to this area and that people can 'relax'. In this type of environment there is the risk that other pressures on local government may transcend the continuing need to improve recycling and composting rates.

**Q.6 Do you agree with the recommended approach to not remove the 30 per cent cap on recycling and composting targets for 2007/08?**

A.6.1 No. There is no reason to retain a cap of 30% recycling and composting when a number of authorities are already achieving rates of recycling and composting which are well above 30%. Those authorities which were set the highest targets were those performing best in 1998/1999. Whilst it would not be equitable to impose similarly high increases in targets on those same authorities again it would be possible to set an increase based on a percentage of existing achieved rates across all authorities, perhaps with the current high achievers having proportionally smaller percentage increases imposed upon them than previously was the case. This would take into account the fact that anecdotally it is acknowledged as being harder to gain the extra percentage point increases the better the performance.

A.6.2 Future targets could therefore also take into account the varying levels of further potential available for further increases in different authorities, whilst also considering the cost implications of the same. However the other reason to continue to impose targets on the high achievers would be to encourage continuous improvement at the top as well as the lower ends of the achievement spectrum, whilst at the same time recognising the achievements of the best performers.

A.6.3 A further rationale for continuing to set and increase statutory performance standards for waste collection authorities is that the Waste and Emissions Trading Act's amendment to waste disposal authorities' 'power of direction' requires compensation to be paid by WDAs to WCAs to reflect any additional costs to WCAs. 'Additional' has been considered as applying only once a WCA is already achieving its prevailing statutory performance standard. If this standard is held back in relation to joint waste strategy targets or, worse still, lowered or removed, WDAs could be faced with significant additional costs at a time when DEFRA is seeking to achieve the exact opposite through its proposed reforms of the recycling credit scheme.

**Q.7 Do you feel that any further modifications could be made to the proposal to make it more acceptable to Government and the local authorities concerned?**

A.7.1 The consultation is focussed upon standards of achievement for 2007/2008, however, in order to invest for the future, authorities need some sense of the future direction, beyond 2007/2008. Any additional information which could be provided or signals given as to the future direction of targets would be a useful addition. Ideally, however, targets should be set to complement the Landfill Allowance Trading Scheme.

A.7.2 The link to the 1998/1999 standards should also be dropped when setting future targets.

**Q.8 Do you agree with the proposal to allow pooling arrangements similar to those previously deployed?**

A.8.1 Yes the NLWA does agree with allowing pooling arrangements.

**Q.9 Do you agree that any local authority failing to meet its statutory performance standards for recycling and composting can expect to receive some form of engagement or intervention from Government?**

Yes.

**Q.10 Do you have any specific comments on the form of engagement or intervention used?**

A.10.1 No – the Authority has no further comments to add to this consultation response.

**Report Ends**