NORTH LONDON WASTE AUTHORITY

HM Treasury Spending Review 2025

Representation from North London Waste Authority (NLWA)

As the UK's second largest waste authority, NLWA's statutory responsibility is to manage the recycling and disposal of residual waste on behalf of two million residents across seven London boroughs. We also own LondonEnergy Limited, which provides essential services including running reuse and recycling centres and the energy from waste facility at the Edmonton EcoPark.

NLWA seeks to tackle the climate crisis through our efforts to support waste reduction, promote reuse, and by seeking to minimise the environmental impact of both recycling and residual waste disposal, through our existing and new infrastructure, as well as our extensive waste prevention programme.

This representation sets out NLWA's recommendations and proposals for government spending and policy priorities in the 2025 comprehensive spending review.

1. Funding for local waste and environmental services

It is vital that government uses this spending review to provide adequate and secure funding for local waste and environmental services. Local authority core funding is 18% lower per person in 2024 than at the start of the 2010s, with a 46% fall in funding from central government over this period. Authorities in the country's most deprived areas and in London have been hit with relatively higher funding reductions than elsewhere.[1] In this context, local authorities are forced to focus on statutory duties and acute needs, so spending on environmental services has dropped by over 20% and two thirds of councils are making cutbacks to neighbourhood services in 2024/25.[2,3] Addressing the long term decline in funding would secure the essential public services that waste authorities provide, and ensure they are properly equipped to support the government's environmental ambitions such as the transition to a zero waste economy. Raising funding towards these goals through producer responsibility, as discussed below, would reduce financial burdens on the public sector.

The government has also made clear its commitment to growth and has ambitious plans to build 1.5 million more homes, while the UK population is now projected to increase by over 7% by 2032.[4] This growth will inevitably increase pressure on waste services as local authorities serve larger populations, in more households, likely producing more waste overall. This is especially true in dense urban areas like north London where most new housing will be in flats, which creates additional challenges for delivery of waste services. Funding for local waste services must keep pace with this increasing demand. Waste and resource use should also be considered from the outset in the

[1] Institute for Fiscal Studies, How have English council's funding and spending changed? 2010 to 2024 (2024)
[2] Local Government Association, Waste Reforms Briefing (2024)
[3] Local Government Association, Councils warn of cuts to neighbourhood services – LGA survey (2024)
[4] Office for National Statistics, National population projections (2024)

development of policies aimed at growth, so that waste is minimised and demands on the environment are sustainable.

Recommendations:

- Provide increased and stable funding for local authority waste and environmental services, paid for where possible by producer responsibility schemes.
- Review how growth and population changes will increase demand and costs for waste services.

2. Deliver and expand existing waste policies

In a review of the government's existing resources and waste policy the Office for Environmental Protection has said that, "in many areas, the scale and pace of actions are currently falling short… Achieving ambitions, targets and commitments requires government to speed up and scale up actions."[5] Defra's Collection and Packaging Reforms (CPR) are the key policies in this area and need ongoing funding to deliver their existing ambitions, and to extend so they can drive progress towards a zero waste economy.

Packaging Extended Producer Responsibility (EPR) has provided local authorities with a welcome boost to funding by applying the 'polluter pays' principle, meaning that the producers of packaging waste bear the costs of recycling and disposal. To deliver the improvements to waste and recycling services that the policy intends, the funding must be additional to any local authority funding provided by central government and ideally ringfenced for spending on waste services. With the amount guaranteed by HM Treasury only applying to the first year of the scheme, long-term certainty over payments is also needed.

Having established a scheme for packaging, government should expand its approach and apply the same principles to other problematic waste streams. This would have the joint benefits of incentivising waste reduction while reducing financial burdens on local authorities, including by limiting the impact of the upcoming Emissions Trading Scheme. Encouraging innovation and environmental improvements from businesses would also benefit the economy with research showing this can lead to higher profits, new market opportunities and more resilient supply chains.[6]

Key materials which should be considered as a priority include:

Textiles only 2% of all the textiles which NLWA manage through our waste streams are captured for reuse and recycling, with the vast majority thrown away incorrectly in household bins. Disposing of the 98% of unrecycled material costs at least £2.5 million per year. Applying the polluter pays principle to textiles would see these costs met by the companies which profit from the sale of the products, and could be used to incentivise use of recycled or sustainable materials. Textiles also make a disproportionately high contribution to the carbon impact of household waste, relative to

[5] Office for Environmental Protection Progress in improving the natural environment in England 2023-2024 (2025)
[6] Green Alliance, Why a circular economy is good for business (2024)

their weight.[7] So tackling this problem would be a positive step towards achieving net zero emissions.

Lithium-ion batteries Li-ion batteries are responsible for 48% of all waste fires occurring in the UK each year costing around £158million per year to waste operators, fire services and the environment. It is estimated that 89.6% of this cost is incurred by waste site operators, including local authorities.[8] A significant increase in battery-related fires at NLWA facilities over the last two years suggests that Li-Ion batteries are becoming more prevalent, and research shows vapes alone increased fourfold between 2022 and 2023.[9] As well as being a major financial problem and threat to the health and safety of waste operatives and wider society, Li-ion battery fires are a threat to the environment because of the uncontrolled burning of waste, possible loss of recycling resources and consumption of water whilst they are extinguished.

WEEE Electrical waste is now the fastest growing waste stream, with the UK generating the second-highest amount of electrical waste per person but with lower collection and recycling rates than other countries in Europe. In north London, only 56% of electrical waste occurs in the correct waste stream and is captured for recycling with the remainder having to be disposed of. National estimates suggest only 12% of electronics are reused. Increasing reuse and recycling of these products would not only bring environmental benefits but also improve economic and resource security by reducing the UK's reliance on international supply chains for key materials. [10]

As well as EPR, new regulations on Simpler Recycling are currently being implemented in local authorities across the country. Waste collection authorities have received funding for the new requirements through the new burdens system, but there has been no commitment for equivalent funding for waste disposal authorities for the management of new waste streams. At NLWA we are making significant capital investments (potentially up to £25m) to help manage the new food waste services which are mandated by the regulations. This will fund the necessary infrastructure to manage new or increased food waste collections at our facilities, including those required to meet environmental standards and amenity and other nuisance abatements. These costs should also be considered a new burden on local authorities and without this kind of investment across the disposal sector, the Simpler Recycling policy could not succeed. Government should recognise this and fund disposal costs appropriately, including capital and opex costs for infrastructure, fleet and operations.

Recommendations

- Payments allocated through the packaging EPR scheme should remain additional to wider local government funding.
- EPR schemes for additional materials should be developed, starting with materials which are fossil-based or problematic for recycling such as textiles and batteries.

[7] Zero Waste Scotland, The Carbon Footprint of Scotland's Household Waste (2021)
[8] Eunomia Research and Consulting, Lithium-ion Battery Waste Fires Costing the UK Over £100m a Year (2021)
[9] Material Focus, Disposable vape waste quadruples to 5 million per week (2023)
[10] Office for Environmental Protection Progress in improving the natural environment in England 2023-2024 (2025)

- For Defra's response to the WEEE consultation to be published and policies delivered to advance the circular economy for WEEE, ensuring any expectations on local authorities are fully and separately funded.
- Funding should be allocated to disposal authorities for the delivery of Simpler Recycling, in line with New Burdens doctrine and the approach taken for waste collections.

3. Targeting policy at waste producers

Ultimately achieving net zero and a zero waste economy will require widespread change in the design, manufacture and consumption of products. Policies that effectively influence producers will have the greatest impact for the environment and can also be used to drive growth sustainably.

The expansion of the Emissions Trading Scheme (ETS) to include energy from waste facilities is the most significant cost issue affecting the local authority waste sector. In the case of NLWA, our annual costs are around £100m. ETS will increase that to between £120m and £130m. Others are in the same position which is why the Local Government Association suggests annual ETS costs for local authorities could rise to £1.1 billion.[11] That extra funding can only come from boroughs cutting other services, which would undermine other policy ambitions including the mission for economic growth. In consultations on the ETS expansion, DESNZ have proposed New Burdens assessments and support for local authorities to decarbonise. If local authorities will bear the costs of the ETS, new funding will also be essential to avoid putting public services at risk.

The logic of ETS is that it creates a financial incentive to reduce emissions. However, local authorities have very limited control over the content and volume of the waste they must collect and dispose of, and therefore few options available to decarbonise their waste streams. Instead, government should direct these costs to the businesses who place high-carbon and difficult-to-recycle material on the market. This would place the responsibility on the producers of waste to reduce it at source and ensure the scheme can achieve its environmental objectives. If a solution to place the ETS costs on producers cannot be found within this spending review period, then expansion of the scheme should be delayed to avoid placing unreasonable cost burdens on waste authorities.

More widely, government should look to place strong incentives and requirements on businesses to design out waste, adopt circular business models and switch to sustainable materials. Minimum design standards and a right to repair could ensure that all products are built to last rather than quickly becoming waste, saving consumers money as well as benefiting the environment. Further bans on problematic products should be explored, to continue the approach taken to disposable vapes and some single-use plastics. Increasing the Plastic Packaging Tax and its threshold for recycled content would drive producers towards more environmentally friendly material and stimulate demand for plastics recycling.

These measures could reduce pressure on local authorities and the public sector, who overwhelmingly still bear the cost of waste management despite recent moves towards greater producer responsibility. For businesses and the economy there would also be advantages: improving

[11] Local Government Association, Waste reforms briefing (2024)

resource productivity reduces costs and increases profits, circularity improves supply chain resilience by keeping materials in use for longer, and sustainable businesses are increasingly favoured by consumers.[12]

Recommendations:

- The ETS should not place unreasonable financial burdens on waste authorities or put public services at risk. Any increased costs to local authorities should be reflected in increased funding.
- For the ETS to achieve its environmental objectives, the costs must be directed to the businesses which are responsible for generating fossil-based waste and have the ability to decarbonise.
- Government should consider other economic or regulatory measures which could incentivise producers to reduce waste or adopt sustainable business practices including product design standards, right to repair, increased plastic packaging tax, or bans on problematic products and materials.

4. Technology and infrastructure to enable environmental goals

Development of a circular economy means the need for infrastructure and industry in the UK. At NLWA, we work with our Materials Recycling Facility (MRF) contractor to monitor end destinations for our material and agree to targets for UK reprocessing. This ensures materials are treated with the highest environmental standards and drives growth in the UK's green economy. However, we cannot achieve our targets in full because the UK lacks infrastructure and reprocessing capacity. There is already a shortfall of capacity to reprocess materials collected for recycling such as paper and card. There is also unlikely to be a viable market or end destination for recycling flexible plastics, which local authorities will be required to collect under Simpler Recycling. These materials have already been collected for some time, but without government intervention, that hasn't led to successful creation of reprocessing capacity to recycle them. European markets are also unreliable and the recycling sector is subject to global market forces and supply chain issues.

Defra has recently carried out an analysis on forecast municipal residual waste tonnages in England and available and planned treatment capacity to ensure that the country has capacity to manage anticipated future residual waste tonnages. A similar strategic approach to recycling infrastructure is needed and work should be undertaken to establish any shortfall in UK reprocessing capacity for materials like metals, plastics, fibres, food and textiles. This should take into account and facilitate the move of materials from residual to recycling which we are all working towards. Additional domestic capacity for reprocessing would create jobs and growth in the recycling sector and safeguard resources for use within UK industry, driving economic and environmental benefits.

There are also opportunities to develop and adopt new technologies in the waste and recycling sector. For example, artificial intelligence can be increasingly useful in sorting and processing facilities to help maximise recycling. Government has previously suggested retrieving recyclable

[12] Green Alliance, Why a circular economy is good for business (2024)

material from residual waste as a way to decarbonise in response the ETS, to make this viable more research into advanced technologies would be required, particularly to develop methods for using collected material and create reliable end markets. Investment in this kind of research and development could help achieve environmental goals, while also driving growth in the technology industry and supporting skilled green jobs.

Significant new infrastructure will be required to fully decarbonise in the waste sector, and make progress towards the government's mission to become a clean energy superpower. NLWA's ambition is to achieve net zero in our operations and deliver a carbon capture solution at our energy recovery facility as soon as practicable. For our site, and others in the south of England, this could require non-pipeline transport (NPT) or multi-modal transportation of CO2 over greater distances and at greater cost than sites in the established Track 1 and 2 clusters. Strong strategic direction is required from the Government to support the development of the NPT market and CO2 hubs such as rail heads and ports. There are high barriers to market entry and market forces alone are not sufficient to address the complexities and challenges inherent in developing this first-of-its-kind market.

Progress on the government's missions must be enabled by robust and comprehensive data to inform policy development and decision making. This has been highlighted as a key gap in waste and resources policy with the Office for Environmental Protection saying:

> "Regarding the transition to a circular economy framework, data on material streams, products, sectors, economic performance and associated environmental impacts are lacking and new data will be required to target and monitor action and evaluate progress".[13]

Investment would be required to update and improve existing data systems such as WasteDataFlow, and to develop improved reporting which focuses on the most important environmental goals i.e. waste reduction and carbon emissions. Reporting requirements currently focus mainly on local authority waste, but government should also work to understand the total waste produced by businesses and industry to have a full picture of environmental impacts.

Recommendations:

- Analyse the shortfall in UK reprocessing capacity and commit resources to address key gaps in the market.
- Support research and development for technology to improve sorting, processing and end uses of recycled materials.
- Provide investment and strong strategic direction in the CCUS market, particularly to establish the necessary infrastructure for non-pipeline transport.
- Improve waste data systems and research new metrics to assess waste reduction, the circular economy and carbon impacts.

[13] Office for Environmental Protection Progress in improving the natural environment in England 2023-2024 (2025)

5. Moving beyond recycling

Existing resource and waste policy focuses heavily on increasing and improving recycling and there has been relatively little progress on preventing waste and improving resource productivity, which would be required to achieve a zero waste economy and net zero. Moving to a circular economy, where materials are kept in use for long as possible, would support the government's mission for growth. Improving resource use could grow UK GDP by nearly £25 billion by 2035 and a more ambitious approach to repair, remanufacturing, reuse and recycling could create around half a million jobs.[14]

Despite government targets to reduce residual waste, tonnages are stagnating. In north London, residual waste fell by around 3% between 2019/20 and 2023/24, however total waste generation in England was up 17.6% in 2022 compared to 2020.[15] Municipal waste streams monitored for the Environment Act targets for total residual waste and residual food, plastic, paper and card, metal and glass waste all show little or no change since 2019.[16] Defra also estimate that carbon emissions from managing plastic waste increased between 2016 and 2020 to 2.5 million tonnes.[17] Waste reduction and prevention must therefore be a key priority and receive appropriate attention and funding to develop impactful policy.

As noted by the Office of Environmental Protection, policy should apply the waste hierarchy in priority order, starting with waste minimisation then increasing reuse and recycling, as well as directly incentivising reduced resource use and consumption.[18] Government can also support local authorities and the voluntary sector to provide waste prevention programmes and services to drive a local circular economy. NLWA have provided grant funding to over 60 organisations since 2017 to support innovative waste reduction interventions. Additional funding for initiatives like these would facilitate community cohesion, drive sustainability education and aim to reduce household waste to help deliver a zero waste economy.

Recommendations

- Allocate resources on waste policy according to the waste hierarchy, prioritising actions to prevent and reduce waste.
- Fund local initiatives to deliver waste prevention and wider community benefits.

[14] Green Alliance, Why a circular economy is good for the UK » Green Alliance (2024)
[15] Defra, UK statistics on waste - GOV.UK (2024)
[16] Office for Environmental Protection Progress in improving the natural environment in England 2023-2024 (2025)
[17] Defra, Experimental statistics on the carbon impact of waste from households managed by local authorities in England (2022)
[18] Office for Environmental Protection Progress in improving the natural environment in England 2023-2024 (2025)

6. Engage and educate on environmental behaviours

Related to the government's mission to break down barriers to opportunity as well as the UK's environmental goals, NLWA have identified a significant gap in the school curriculum regarding education on waste, recycling, and resource management, which are critical for fostering environmental responsibility and meeting future sustainability challenges. Incorporating pathways to careers in waste management, green energy, environmental science, and sustainability would help broaden students' understanding of diverse career opportunities, especially those addressing urgent societal needs. Furthermore, addressing the skills shortage in construction and other trades by integrating relevant training opportunities into the curriculum could equip students with practical skills that align with current labour market demands.

NLWA is developing an education programme focused on waste reduction and the principles of circular economy. Government support for environmental education like this would contribute to students' understanding of sustainability as part of their everyday lives and effectively prepare them for future study, life, and work by incorporating vocational pathways in high-demand fields.

Local authorities also deliver community engagement and behaviour change campaigns to drive waste prevention and progress towards a zero waste economy. The delivery of consistent recycling across the country through Simpler Recycling presents an important opportunity to engage with the public and help drive up participation in new services. Confusion remains the most common reason people do not recycle[19] so communications and engagement will play an important role in the success of the Collection and Packaging Reforms. There should be funding committed for both national and local campaigns.

Recommendations

- Schools and colleges should be adequately resourced to deliver environmental education and training for green careers.
- Fund local programmes to deliver environmental education and training.
- Deliver national communications on waste and recycling and support local campaigns, particularly in relation to food waste and Simpler Recycling.

[19] Recoup, UK Citizen Plastics Recycling Behaviours Insights Survey (2023)