



Local Authority Recycling Advisory Committee

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Dear Mr McKie

Response to Consultation Paper on Changes to the Recycling Credit Scheme

Thank you for the opportunity to respond to the above. The comments below are sent on behalf of the Local Authority Recycling Advisory Committee (LARAC). LARAC is an association of well over 400 local authorities, including 380 in England, whose waste management and recycling professionals co-ordinate and operate waste management services. Membership is drawn from all types of authority including statutory Waste Collection (WCA), Waste Disposal (WDA) and Unitary Authorities.

Overview

There is concern that the timetable for the proposed change is too short and takes no recognition of the budgetary and estimate preparation timetables for local authorities. It is recommended that the commencement date should be April 2007 and that status quo should apply for 2006/07 with credits being calculated on the 2006/07 values. This will enable the proposals to be fully debated within local authority partnerships and decisions taken in a timely fashion with limited impact on budgetary provision and assumptions already provided for.

The opportunity to negotiate alternative arrangements is welcomed as an alternative option to the prescribed route, although this may create tensions within some partnerships. It is accepted that neither WDAs nor WCAs should profit as the result of disposal credits but if the disposal credit is to be decoupled from disposal costs, there must be a mechanism in place that does not result in overall loss of funding from waste service provision. The LATs targets place increased pressure on authorities to recover higher levels of materials prior to any treatment process and therefore, there has to be recognition of the financial burden placed on WCAs in rolling out collection schemes in order to meet these targets. It is important that credits are not artificially capped when collection schemes are being delayed due to lack of sufficient funding.



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Question 1:

a) Do you agree that there should be a single value for a disposal credit across an entire WDA area?

Yes. Historically, there has been a potential disparity between waste collection authorities in the value of the disposal credit paid within any one WDA area. Although waste collection authorities may have differing collection costs due to their proximity to the disposal facility, a single value for a disposal credit across an entire WDA area would go some way in addressing inequalities.

b) Do you agree with the Government proposal to base the calculation on average cost of the most expensive form of disposal across the WDA area?

Yes, this would seem to be the fairest approach to take.

Question 2:

a) Do you agree that change is needed to decouple the value of recycling credits from rising disposal costs driven by Landfill Tax and to promote sensible dialogue in two-tier areas on the most appropriate financial support for recycling across the area?

Yes - With rising disposal costs and looming LATS costs, a sensible solution must be found to limit the financial burden on WDAs. However, if the disposal credit is to be decoupled from disposal costs, there must be a mechanism in place that does not result in overall loss of funding from waste service provision. Consequently, there should be no overall reduction in Rate Support Grant funding to offset the increase in costs arising from Landfill Tax and LARAC would urge Government to include proposals to review the current funding mechanisms for municipal waste management services within the review of waste strategy 2000. This will enable funding mechanisms to fully reflect the financial burden placed on WCAs and WDAs in rolling out collection schemes and infrastructure to meet recycling and LATS targets.

Any dialogue between WDAs and WCAs on financial support for recycling, are likely to be complex and political and will require strong partnership working to resolve issues. Members will need to have a sound case to argue and a unified approach in order to support the decisions.

b) Do you agree with the Government's proposal to introduce a cap with subsequent rises of 3% to keep pace with inflation?

Partially - Any changes should not take place before April 2007 as for most WCAs, budgets and forward provision have been based on projected income and expenditure arising from current and projected disposal credit values. This proposal is too late for the 2006/07 budgetary round. The inflation provision should be a minimum of 3% or the inflation rate, which ever is the higher.



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c) **Do you agree that the cap should fix disposal credit values at 2005/06 levels?**

No. Disposal credits are a vital source of funding for recycling collections and WCAs may have already planned and agreed new schemes or expansions of schemes based on projected values. There should be a more reasonable lead-in period for fixing disposal credit values, with 2007/08 values being the earliest starting point for this.

Question 3:

a) **Do you agree that credits for third parties should be calculated in the same way as for local authorities?**

Yes - but payment should be subject to demonstration that the wider community is benefiting from the provision made by the third party, and that it is compatible with the long term strategy and operational arrangements within the area. Payments should not be made to any third party arrangement that replicates existing collections and criteria should be set that considers the contribution made by the third party towards the social and economic benefits of the local community.

Question 4:

Do you agree that re-use credits should be calculated on the same basis as recycling credits?

No - re-use is only delaying disposal.

Question 5:

We welcome any comments and suggestions on the draft statutory instrument or guidance.

The 'Representative Savings in Waste Disposal Costs' for waste disposal authorities with no transport costs are minimalist and do not reflect true costs in areas where landfill is still relatively cheap.

It would be more useful if the EA's publication "A simple guide to assist community sector re-use" was an integral part of the draft guidance and not a web-link.

Yours Sincerely

Sally Gordon
For LARAC Policy Team