

The Climate Change, Environment and Infrastructure Committee inquiry on waste

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Welsh Local Government Association - The Voice of Welsh Councils

We are The Welsh Local Government Association (WLGA); a politically led cross party organisation that seeks to give local government a strong voice at a national level. We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

This response is not confidential.

Introduction

Wales has made significant strides in delivering world class recycling and waste services to become the third best performing recycling nation in the world. However, as the Welsh Government Strategy 'Beyond Recycling' makes clear, increasingly the emphasis must be on preventing waste, re-use and repair initiatives and reducing carbon.

There are also significant potential economic advantages to this 'circular economy' where resources are kept in productive use for longer. Repair and re-use activity must by definition be in the communities they serve (foundational economy) supporting local jobs and local economies and potentially giving a new life to town centres badly hit during the pandemic. Better use of resources also helps in terms of the nature emergency and preventing biodiversity loss, and the most significant savings on carbon is waste avoided.

Councils also recognise that a key element of the success of the recycling services across Wales is due to having a consistent national policy position, clear targets and significant support through the Sustainable Management Grant over the years. This



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framework is essential to allow the development of locally planned services that meet different local needs.

However, it is also important to note that many councils have had to consider service cuts in recycling, street scene and highways over a number of years to reflect the wider budgetary position and the significant demands on other services such as social services. This must impact upon the ability to meet targets in the future. Council capital budgets are also being squeezed due to high interest rates, failing infrastructure and competing priorities. The upgrades needed to waste infrastructure – transfer stations, bulking stations, depots, recycling centres, EV fleet transformation will continue, and funding must be found to allow this work to continue. The WLGA have commissioned Wales Centre for Public Policy to draft a briefing note on potential sources of alternative finance for environmental work (A Locally led transition to net zero) and Keep Wales Tidy have been actively exploring these innovative funding avenues to support their activity.

Since 2007 the Waste Improvement Programme (WIP) within WLGA and funded by Welsh Government, has been working with local authorities to assist them to improve the performance and efficiency of their waste services, following four key objectives in the process: evidence, efficiency, improving performance and delivery of wider sustainable principles.

The key role for the programme is to:

- collect, validate and analyse key performance data, responding to the needs of Welsh Government and partner local authorities;
- publish that data in a way that ensures its ease of use and maximises its potential for service improvement;
- inform effective and efficient service design and decisions across all 22 local authorities through the active dissemination of that data in regional events, networks and web based portals;
- develop tools and resources which make a difference to front line services;
- allow joint procurement including collaboration; and
- support the Collaborative Change Programme activity.

This means that Welsh councils have been far better placed to provide data to Defra to inform their modelling on EPR costs. [Waste Improvement Programme - WLGA](#)

Progress

Beyond Recycling makes it clear that we need to increasingly move up the waste hierarchy to achieve zero waste by 2050. Whilst councils must achieve net zero carbon by 2030 the significant carbon in the Welsh economy comes from the goods that we consume. If this can be reduced, if we can alter consumption patterns then there may be huge benefits from this carbon reduction.



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Work continues to try and decouple economic growth from waste arisings. The promotion of reuse and repair as a consumption pattern has received a significant boost, both in terms of private sector initiatives but also from the development of re-use shops/outlets on household waste recycling centres across Wales in addition to the efforts of the third sector such as repair cafes and Benthgy.

Residual restriction on black bag waste has shown that this can help drive materials out of the Energy from Waste stream into recycling. The latest compositional analysis continues to show that more can be diverted to reduce waste arisings.

Challenges

Councils have also had statutory recycling targets to achieve, the latest iteration is 70% by 24/25 with further targets likely to move towards zero waste by 2050. A number of councils are already meeting this 70% target, whilst others continue to work towards it.

It is important to stress that recycling performance can be affected by many different things, some beyond the control of councils. For brevity these include.

- Public engagement and use of services.
- Suitable off takers/markets for recycling/materials that cannot be practically recycled currently.
- Constraints on how materials can be handled – e.g. persistent organic pollutants in damaged soft furnishing requiring disposal at EfW.
- Lag times in investment for infrastructure allied to delays in permitting and regulatory framework.
- Constraints on that investment allied to challenging wider financial position.
- Delays to service changes due to Covid meaning some investment paused.
- Lack of clarity on future service requirements due to EPR, DRS and plastic ban and what the service will be required to deal with.
- Issues around rurality and deprivation.
- High percentage of flats, HMOs, and tourist lets.

The data for landfill use in Wales shows how effective the joint Welsh Government/Councils procurement for EfW and AD plants were. EfW is obviously a transitional technology, and the significant impact of the likely costs of the Emissions Trading Scheme should be noted. Work is also beginning on how food waste will be treated in the future as current contracts/plants begin to near their end, as it is likely to be a significant waste stream given parts of it are unavoidable (vegetable peelings etc). Also, the changes to the Workplace based Recycling regs means that there will likely be a need for greater treatment capacity for commercial food waste.



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There will continue to be a need for investment in waste infrastructure. The changing profile of materials dealt with means that sites will need to reflect this, whether it is the likely roll out of plastic film collection from 2027 funded by EPR, or the need to deal with soft furnishing with POPs in line with regulator advice. Investment will also be needed to meet increasingly stringent regulatory requirements such as fire regulations.

The Regional Ministerial Programme Boards for the Circular Economy (rMPBs) are 4 regional meetings of the cabinet leads for waste and the circular economy which meet on a quarterly basis. They are looking at the future requirements for infrastructure, any potential for regional collaborative activity and to review the resilience of current provision. This links to the wider climate change mitigation and adaptation activity necessary as part of the net zero carbon requirement by 2030.

This work will also continue to try and identify opportunities to co-locate renewables with energy uses such as depots for ultra-low emission vehicles (ULEVs). WG are seeking to support that approach in their capital support programmes.

Under the Circular Economy grant process Welsh Government have supported significant investment in reuse and repair programmes. Most councils have a reuse shop at the HWRC and partners such as Repair Café Wales and Bentyg (Library of things) have benefitted from investment in facilities, often focussed on the high street to improve accessibility but also to help reinvigorate the high street post pandemic.

There will be a need for continued investment and clarity around how funding from EPR will support this.

Roll out of Plastic Ban and Workplace Recycling regs.

Whilst it is still early in both these processes to draw too many conclusions, both will change the composition of the materials that councils will deal with. As substitute materials are sought to replace the banned items this will need to be reviewed to determine any perverse outcomes not in line with the policy intent. Similarly with the WPB regs, there will be impacts on businesses, public buildings and third sector organisations. There will always be teething issues to be worked through with any new policy, for example one such aspect is public bins not provided by the council. Whilst it is good practice to provide bins for the separate materials contamination remains a challenge, meaning that some businesses/others may withdraw their general bins.

The advent of EPR means that more regular compositional analysis work will be required to determine where the packaging waste is, what is its treatment route and consequently its costs. This is also true of packaging binned litter and in Wales and Scotland packaging street litter. These data requirements will be an additional cost



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which *should* be paid for by EPR and this will help councils understand the impact of policy changes on materials flows and plan accordingly.

Community level activity

The WLGA also commissioned research into what circularity means at a community level partnering with Miller Research funded by Welsh Government. The purpose of this work was to try and understand how circular a community was, what its strengths and weaknesses were and what opportunities could be built upon. Three pilot studies have been undertaken with communities in Gwynedd, Carmarthenshire, and Newport. The purpose of this work is both to engage the community in a discussion about circularity (and its potential benefits) but also inform future investment priorities.

Elected members feel that this approach is vital if we are to properly realise the potential benefits of the CE and ensure that limited resources are used most effectively. Copies of these pilot reports can be made available to the committee if that will be of benefit (the file sizes are large).

DRS and EPR

In terms of aligning government levers the policies around EPR and DRS do present certain challenges. The 4 nations are in very different places in terms of recycling performance and consequently all approach these policies with a different perspective and context.

The reality is that whilst WLGA recognise the potential benefits of DRS especially around litter issues, there remain issues of equity (access to DRS points and transport), duplication of systems (universal kerbside services are available in Wales) and a reduction in some income (and recycling performance) for councils that may undermine kerbside provision.

The challenges over what materials are included, the cost of setting up the Direct Management Organisation (DMO) which given the experience in Scotland is more likely to fall on the public purse and the level of investment needed to create a network of reverse vending machines is significant.

Therefore, we have always suggested that EPR should be brought in first to determine that impact before the need for DRS was pursued but remain committed to make DRS work for Wales and for councils to play their role in the process.

Therefore, it seemed sensible to delay the roll out of DRS until we fully understood the impact of EPR. It would be preferable if DRS materials were covered by EPR in the interim as public money will still need to pay for dealing with these materials.



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Given the failure of the DRS work in Scotland it is important to learn the lessons from this. The key implications seem to be that industry are unlikely to fully fund the set-up costs meaning that public money may be needed to establish the Direct Management Organisation (DMO), and that any desire to apply DRS to different materials may have to navigate issues around the UK internal markets Act.

The DMO will be industry led and as we understand it that status means that the 4 nation governments must have a light touch approach to 'managing' the organisation and determining how it discharges its functions. One aspect that elected members are exercised about is that this may mean that materials will flow out of Wales and their value realised elsewhere (which may often the case currently anyway but much of the discussion on CE infrastructure centres on how to realise that value in Wales).

In Wales we have trialled Digital DRS at Brecon with Powys CC. This scheme allowed people to redeem 'deposits' using a smart phone and a bar code on the item and then to dispose of it through their kerbside recycling service. Whilst a number of technical issues need resolving (such a printing unique bar codes on millions of items) this has real potential. This also negates the need to travel back to some central point with the material to redeem deposits.

EPR is still developing at pace and is increasingly complicated in terms of the modelling work, how efficient and effective services are determined across the UK, how packaging industry will define their material as recyclable (Recycling assessment method - RAM) and how it will alter the flow of materials through the economy.

Extended Producer Responsibility for Packaging (EPR)

As recycling services have developed local government have provided additional service to constituents to ensure that packaging can be recycled and re-used in the economy. There are large costs to this, and the 4 nations have decided that those companies that place packaging on the market (producers) should pay their fair share of the costs under the 'polluter pays' principle. A great deal of work is ongoing to set up how this will work in practice and ensure full net cost recovery for councils. It currently seems likely to come in from 2025.

Under EPR Producers will be responsible for paying direct to Councils (through a scheme administrator) the *full net cost* of managing, recycling and disposing of packaging and will be incentivised to make packaging more recyclable through modulated fees based on recyclability. Payments will also be made for costs associated with packaging in litter bins and in Scotland and Wales, ground litter, although this will come in later.



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Key concerns for Local Government are how the funding arrangements will work and how to influence the establishment and functioning of the Scheme Administrator which runs the scheme and determines Local Authority payments through a process that will look at 'Efficiency and Effectiveness'. Welsh Government have secured a seat on the scheme administrator steering group for local government in Wales to ensure that voice is heard.

Payments will be made quarterly in arrears, initially on modelled costs which may not reflect reality, may be reduced in the future if a council is deemed ineffective, and there isn't longer term clarity on what UK Treasury may do with the budget that currently pays for waste services.

Efficiency (service cost) is assessed through a payment model (LAPCAP)¹. The model groups Councils by rurality and deprivation and then further groups them by Dry Recycling collection system and residual collection frequency. In the first 2 years of EPR it is planned that Councils will receive a modelled payment. Councils should find out their modelled payments in Autumn 2024. Income from recycling will be 'netted' off payments. As these groupings are UK based it is likely that Welsh councils will be grouped in way that we are not used to seeing i.e. councils we regard as fundamentally different in the same group.

A key concern is how the different Policy Context in Wales will be accounted for in the model. Recycling rates are much higher than the rest of the UK and the assessment of what waste services should cost must account for this different context. If more is spent by Welsh councils because of their more extensive recycling efforts, the risk is they will appear high cost. Welsh Government are focussed on ensuring that Welsh councils receive their fair share of resources.

Effectiveness (how much packaging is collected) will be gauged by a number of metrics assessing Councils' performance in capturing EPR-related material. The process allows for a deduction to LA payments (up to 20%) for services deemed not effective. However, the deduction can only happen after the production and implementation of an improvement plan containing 'reasonable' actions agreed between the Scheme Administrator and the Council if improvement does not occur.

There is a concern in terms of the devolution settlement that this improvement process is to be overseen by the Scheme Administrator at UK level which initially will be part of DEFRA.

Councils in Wales already work with a number of Welsh Government delivery partners with more knowledge of the Welsh context and WLGA are keen to see this more locally democratically accountable arrangement continue.

¹ Local Authority Packaging Cost and Payment



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Notification of the modelled payments to Councils is expected in November 2024. The first payments will be in March 2025.

Initial discussions have happened involving Directors of Finance as the implications for councils could be significant. Until the modelling is complete there is a lack of clarity but potentially there may be an effective redistribution of resources across different councils and the quantum of support coming to Wales may increase or decrease.

Summary

It is clear that significant progress has been made on recycling, landfill avoidance, helping drive down waste arisings and supporting the public around food waste. The development of EPR and DRS introduces a level of uncertainty into the system and whilst positive, this cannot be allowed to be a reason for stalling progress.

All councils will continue to need to invest in infrastructure not least to become carbon neutral, sometimes in advance of the full implications of all these changes becoming apparent. Given that this change is on a UK level, councils are working hard with Welsh Government to get clarity on future funding, service requirements, to model impacts on material flows/finances, factor in zero carbon requirements and essentially try and future proof services.

Meanwhile all this needs to be communicated to the public in a way that engages them, and they understand why these changes may be happening. There is a political risk to rolling out new EPR funded services such as plastic film collection whilst the wider fiscal position may mean that other valued local services are reducing. The nuances of different funding regimes will be of little interest to the public.