

REPORT TO CABINET

Title: **CONSIDERATION OF A PILOT HOUSEHOLD RECYCLING INCENTIVE SCHEME**

Date: 26 February 2009

Member Reporting: Councillor Maxwell

Contact Officer(s): Terry Gould – Head of Public Protection & Sustainability x3501

Wards affected: All

1. SUMMARY

- 1.1. The Royal Borough has a good recycling record due to the strong support of local residents. Currently, recycling rates are around 37%. The Council would like to support residents to do even more and believes that reward incentives are a good way of encouraging residents to achieve even higher levels of recycling, reducing levels of waste generation and diverting more waste from landfill.

The Council currently provides a comprehensive household dry recycling collection service, collecting paper, cans, plastic bottles and glass (i.e. 4 material streams). The recent focus on home composting and an additional subscribed green waste collection system are examples of steps the Borough is taking to reduce successfully the amount of waste to landfill.

However, it is recognised that further successful initiatives will need to be introduced if the Borough is to avoid the stringent penalties to be levied upon those local authorities that fail to meet their Landfill Allowance Trading Scheme quota. Landfill will become an increasingly expensive option.

- 1.3 This report sets out a series of options based on the introduction of an innovative household recycling incentive scheme designed to change community behaviour through a reward scheme. The rewards are based on the amount of recycled material that is diverted from the household residual waste stream. It also represents an exciting opportunity to encourage and promote local economic development through the engagement of local businesses within the reward programme.

2. RECOMMENDATION: That:

- i) The contents and principles outlined in this Report be noted and endorsed.
- ii) The Head of Public Protection & Sustainability, in conjunction with the Lead Members for Policy & Performance (including Sustainability & IT) and Chief Whip and Public Protection, be authorised to conclude the final details with the Council's Contractor for the implementation of the scheme outlined in Options 1 and 2 as set out in paragraph 4.1 of this report.

What will be different for residents as a result of this decision?
Residents in the pilot scheme will be rewarded for recycling.

3. SUPPORTING INFORMATION

3.1 Background

3.1.1 The Council has previously and continues to strongly oppose the government's approach of 'tax and reward'. It considers reward incentives for residents to be more appropriate. This is set out in the background papers.

3.1.2

Appendix 1 summarises the Borough's performance for 2007/08. It highlights that the Borough's unadjusted recycling rate is currently around 37% with a resident's participation rate of 90%. Over several successive years the Borough has been very successful in bringing about a marked annual reduction in the amount of waste sent to landfill.

The Council's integrated and targeted approaches have all started to have a positive effect. These have included:

- the waste awareness programmes;
- improved infrastructure and facilities;
- introduction of the home composting scheme;
- additional subscribed green waste collection service;
- wider choice and improved accessibility;
- tighter contract management; and
- improved customer care standards and support at a number of public facilities.

However, more needs to be done if the Council is to comply with the landfill diversion targets and avoid stringent penalties that take effect from 2010

3.1.3

In order to realise increases in landfill diversion, the Borough needs to focus its efforts specifically towards extracting Bio-degradable Municipal Waste (BMW) materials from the household waste stream.:

- kitchen waste,
- green waste,
- paper and card.

3.1.4 The Council believes that schemes that directly benefit our residents are preferable to bin taxes. It also believes in the provision of a weekly collection service, a reward-based, household incentive recycling scheme meets these requirements.

Officers have been directed to raise this issue with the Council's contractor Veolia Environmental Services (VES). Such a scheme would be delivered by VES, under the existing waste collection contract, through an emerging external partnership

arrangement with a company called *RecycleBank*. Recyclebank has a proven track record of increasing recycling rates significantly through the implementation of their scheme throughout the USA.

3.1.5 At the heart of the scheme lies a wheelie bin fitted with a bin identification device that can be assigned to a specific household and dedicated to the collection of particular waste stream(s). The wheelie bin is collected using a standard refuse vehicle that is fitted with an automatic reader connected to on-board weighing equipment. On emptying, the bin is read and weighed. Data is stored and a corresponding 'worth' of points calculated from the weight of recycled material collected is allocated to the specific household. Each participating household is set up with a unique Rewards Account. The accumulated 'reward points' are redeemable through an array of local, regional and national outlets, termed 'Reward Partners'. The scheme restricts each household to a maximum redeemable weight/points in order to deter abuse of the system e.g. the generation of excess weight entering the recycling stream.

3.1.6 Discussions have centred upon whether such a scheme could be installed within the Borough, signalling the first of its kind in the UK. However, in terms of both acceptability and deliverability, a number of key elements need to be considered. These include:

- Risk of disruption to the existing services
- Deliverability and compatibility with the current collection regimes
- Contractual issues e.g. existing and those potentially linked with future aspirations
- Capital investment costs e.g. bins
- New technology
- Public acceptability
- Publicity and promotion
- Scheme administration costs

3.1.7 Potential outcomes of an incentive based reward scheme are:

- Diverting additional waste from landfill and extending the Borough's LATs compliance to 2013
- Off-setting increases in landfill tax costs, currently costing £40pt and rising annually at £8 pt.
- Increasing recycling performance (up to ~45%)
- Complementing the Borough's wider objectives of encouraging sustainable behaviours
- Encouraging community-based environmental stewardship; and
- Stimulating the local economy and strengthening business partnerships.
- Improving the environment

4 OPTIONS AVAILABLE AND RISK ASSESSMENT

4.1.1 A number of options have been considered and these are summarised below.

None of the options consider any change to principle of weekly collection which this council holds as a fundamental component of its service to residents.

Option	Comments	Financial Implications
1. Green Waste (only)	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Use of existing service as a systems test • Targeting of BMW • Use of existing bin technology • Self promoting • Nil capital cost for new bins <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • Risk of increased overall waste arisings • Potential negative impact on home composting • Focuses on a single stream • • 3% extraction yield 	<p>Revenue: £18,000 for 3-month pilot scheme, plus option to extend.</p> <p>Capital: £0 (use of existing green waste bins)</p>
2. Co-mingled Recyclables	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • High collection rate potential • Convenience and reduction in containers • Achieves high recycling rate (~est. 42%) • BMW from paper • Higher value recycle <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • Higher processing costs (paper is currently free) • Capital cost for new bins (£25 per bin) • Current market conditions and fall in prices for recyclable materials 	<p><u>PILOT:</u> Revenue: 4000 property, weekly collections, 6-month pilot would cost £50,000 inclusive of retrofitting vehicles and the loan of bins and hire of bin weighing equipment.</p> <p><u>FULL ROLL OUT COSTS (subject to success of the pilot schemes):</u> Revenue: £250,000 increase on current collection costs for a weekly collection, due to need of further 'round' and additional processing costs for paper and card. It is feasible to separate paper at source and avoid additional processing costs using existing split compartment vehicles</p> <p><u>Capital:</u> £1.25M comprising mainly of new wheeled bin provision at £25 per household.</p> <p>Offset by reduction in landfill costs of £58pt diverted to recycling (excluding haulage costs).</p>

Option	Comments	Financial Implications
3. Organics and Green Waste	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Maximum BMW extraction • Increase in recycling rate to ~45% • Largest saving on landfill costs • Potential greater rewards for participants in scheme due to weight yields • Weekly collection guaranteed <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • Absence of end processing facility at present time • Loss of subscription rate - once mixed with 'free' domestic stream (legal requirement) • Capital cost for new bins (£25 per bin) • Poor public perception of this type of service 	<p>Revenue</p> <p>Capital</p> <p>Not possible at the current time due to lack of local processing facilities. This situation may change over the next few years.</p>
4. Paper & Card	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • BMW focused • Inclusivity • Clean material • Accepted 'habit' • No processing costs <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • Single stream • Additional bin • Existing capture rate already 81% • Capital cost for new bins (~£25 per bin) • Current market slump in the value of paper & card 	<p>Separated paper & card incurs no processing costs.</p> <p>Co-mingled paper and card costs ~£40 p.t. to process.</p>
5. Dry Recyclables	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> • Higher value recycle • Higher volumes/capacity • Potential increase is 2.7% to recycling rate <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> • No BMW contribution • Current market decline • Capital cost for new bins (~£25 per bin) 	<p>This option has no advantages over the existing collection arrangements, subject to minor adjustments.</p>

4.1.2 Based on currently available data, Table 2 in Appendix 1 sets out an indicative summary of the anticipated performance and estimated costs for the various waste streams based on a number of cautious assumptions i.e. worst case scenario.

- 4.1.3 A subscription fee is currently payable to *Veolia* which is reasonable for the Borough to bear throughout the Pilot scheme. However, should the pilot scheme prove successful, a business case must be made which does not place additional costs on residents.

4.2 Risk assessment

- 4.2.1 Inevitably there are a number of risks associated with any proposed pilot scheme given it is un-chartered territory. The option(s) selected will also influence the degree of risk. The most significant identified risks relate to:

- Potential disruption of the existing service;
- Increasing waste arisings;
- Community acceptance; and
- Compliance with any particular chosen scheme.

A comprehensive risk assessment has been conducted on these perceived risks together with a Privacy Impact Assessment (PIA) (attached at appendix 2)

- 4.2.2 The most significant 'driver' is the need for the Borough to maximise diversion of BMW from landfill to avoid facing substantial penalties for non-compliance with landfill allowances from 2010 onwards. Given the current service specification and performance; the existing contractual and procurement situation; the requirement for as little disruption to service as possible and likely yields the recommended option is to proceed with a pilot scheme based on:

- **FIRST STAGE**

A short 3-month pilot green waste scheme that builds upon the newly introduced subscribed green waste scheme. This would be designed to 'test' the deliverability and reliability of the rewards scheme, the new technology and general acceptance of the scheme. An option to extend would also be available.

on successful completion of the first stage

- **SECOND STAGE**

A weekly collection of co-mingled, dry recycling materials for an initial pilot of 6-months, with an option to extend. This would test fully the effectiveness and deliverability of the *Recyclebank* scheme in the UK. Any further extension would be subject to achieving demonstrable performance improvement against pre-determined criteria. The co-mingled service would allow residents to recycle all that they currently recycle within the purple and black boxes but in one bin with extra capacity for even more recycling.

- 4.2.3 Successful implementation will need the support of a high profile community consultation, engagement and promotion exercises, that would need to stress the benefits offered by such a scheme and the reasons why it is necessary for the Council to embark on the initiative.

5. CONSULTATIONS CARRIED OUT

- 5.1.1 A resident's survey using the *ViewPoint* panel is currently underway. The results of this consultation will be available for the Cabinet meeting. A letter is also being sent to all subscribers to the green waste service to assist in the evaluation and testing of the technology phase of the trials.

6. COMMENTS FROM THE OVERVIEW AND SCRUTINY PANEL

The Planning & Environment Overview and Scrutiny Panel held on 26 January 2009 received a detailed presentation outlining the national policy background and local context, together with an over view of the objectives and anticipated outcomes of the proposed schemes. The Panel warmly received the presentation and requested that the Head of Public Protection and Sustainability circulate the Household Waste Incentives Scheme report for verbal comments when available.

At the request of the Panel, a copy of this report has been circulated for any further observations. Any additional comments will be reported to Cabinet.

7. IMPLICATIONS

The following implications have been addressed where indicated below. The financial implications are set out in Options 1 & 2 in paragraph 4.1.

Financial	Legal	Human Rights Act	Planning	Sustainable Development	Diversity & Equality
✓	✓	✓	✓	✓	✓

Background Papers:

Waste Strategy for England 2007

Consultation on the Incentives for Recycling by Households (DEFRA)

RBWM response to Consultation on the Incentives for Recycling by Households (DEFRA) – August 2007

RBWM Waste Composition Study Phase I and II (2007/2008)

APPENDIX 1

Table 1 - RBWM Waste Profile 2007/08

Metric	Performance
Customer satisfaction:	
- Recycling Collection	86%
- Local Recycling facilities	70%
- Local Tip	78%
Recycling Rate	34.11% (Dec 08 ~37%)
Participation Rate (recycling)	90% (Dec08)
Waste/head of population	487kg.
Cost of refuse/recycling collection	£57.40 per household
Composted	6,824 tonnes
Recycled tonnage	16,205 tonnes
Percentage waste to landfill	65.9%
Total residual to landfill	44,484 tonnes
Total waste tonnage	67,513 tonnes

Table 2 - Summary Of Options

Material	Pilot: Est. Diversion (tpa) @ 25% yield*	Pilot: Avoidable Cost of Waste Disposal (Net) @£20pt	Borough-wide: Avoidable Cost of Waste Disposal (Net) @£20pt	Borough-wide: Equivalent Value (£) of LATs Fine
Organics and green waste	280	5,565	77,900	588,000
Co-mingled recyclables	270	5,400	75,600	567,000
Paper & Card	130	2,600	36,400	273,000
Green waste only	60	1,200	16,800	126,000
Dry recyclables	140	2,800	39,200	294,000

N.B. All assumptions above are:

- Pilot based on 12m scheme of 3500 single-family households. These would need to be pro-rated for any shorter periods
- Baseline tonnage based on 45,000 tpa
- 25% increased yield of material – ***cautious estimate of take-up**
- ‘Avoidable Cost of Waste Disposal (Net)’ is the waste disposal cost less processing cost of recyclables
- Source Reference: ‘RBWM: Waste Composition Analysis 2007/08 (average)’