

COUNCIL – 8 NOVEMBER 2016

ITEM 6 – QUESTIONS FROM COUNCILLORS

QUESTION FROM COUNCILLOR N CLARKE TO COUNCILLOR A V SMITH

Recently Leicestershire County Council made the decision beginning in 2018 to procure capacity for all Waste Collection Authorities (WCAs) dry recycling and direct the WCAs to use it. As the WCAs would no longer be retaining waste for recycling no recycling credits would be payable.

Can the Portfolio holder summarise the financial implications of this decision for this Council and how these implications compare with other WCAs throughout the County, taking into account the budgetary size of all concerned?

RESPONSE FROM COUNCILLOR A V SMITH

Leicestershire County Council's Cabinet on 16 September 2016 considered and approved a report to issue directions to all Waste Collection Authorities (WCA's) to tip off all household dry recycling at an appropriate facility by 1 April 2018. Under the Environmental Protection Act 1990, the waste disposal authority (WDA) has the powers to do this.

The impact of this decision on NWLDC is a loss in income ranging between £676,000 and £850,000 per annum. This consists of recycling credits, which is a fixed price per tonne; and sales income, which is variable dependant on market conditions. For 2016/17 our budgeted figures are as follows;

- Recycling credits £342,000
- Material sales income £334,000

It should be noted that due to material sales market conditions we are expected to exceed our income this year with an end of year forecast currently being £490,000. The financial implication in terms of recycling credits for each waste collection authority (WCA) is summarised in the LCC report (excerpt below).

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Waste Collection Authority	Tonnes of Kerbside Collected Dry Recycling in 2015/16	Tonnes of Bring Site Collected Dry Recycling 2015/16	Recycling Credits Paid in 2015/16
Blaby DC	8588	474	£465,503
Charnwood BC	15515	384	£816,730
Harborough DC	8416	46	£434,699
Hinckley and Bosworth BC	8601	347	£459,671
Melton BC	5337	1	£274,222
North West Leics DC	6899	286	£369,105
Oadby and Wigston BC	3365	0	£172,844

Note: Tonnage figures are net of contamination

25. Depending on individual contractual arrangements, the WCAs may receive income for the sale of recyclable materials in addition to recycling credits received from the County Council.

By directing WCA's the recyclable material becomes the property of the WDA, this means that WCA's will either no longer retain the sales income from selling the recyclable material or they will not have to pay a gate fee to dispose of the material. This impacts each authority differently depending on their local arrangements and collection methods.

For example, WCA's that currently collect material commingled have to pay a 'gate fee'. This is a payment made to a facility for disposing of the recycling collected. Current disposal fees from a local materials recycling facility is approximately £25 per tonne. As an example, an authority collecting commingled material paying a gate fee of £25 per tonne on 7,000 tonnes of material collected would currently pay $7,000 \times £25 = £175,000$. They currently receive £51.37 per tonne as a recycling credit totalling £359,590. The net value of their recycling is calculated by subtracting the gate fee from the recycling credit = £189,468.45. From 1 April 2018 LCC will be liable to pay the gate fee; so the net impact on the 'commingled' authority of being directed is only £184,590 and not the full value of the recycling credit of £359,590.

For WCA's such as NWLDC the material is collected separately, it is sold directly to reprocessors and the income is currently retained by the District Council. The value of the recycling credit based on 7,185 tonnes \times £51.37 is £369,093.45 plus we can receive between £334,000 and £490,000 in sales income (subject to market material prices). The net impact of direction for authorities who sell their material is a double impact and far more significant. For NWLDC the net impact is a budgeted loss of income totalling £676,000.

Officers have met with Leicestershire County Council following the Cabinet decision to understand the timelines and processes being planned and will be advising me of potential options to mitigate this loss in order that I can bring a report to Cabinet in 2017.