

Short Discussion Paper – Alternative Options to bridge funding gap through increasing recycling revenue. 11 October 2017.

Increasing the quality and quantity of recycling as an approach to reducing the waste budget has three advantages:

- Increasing revenue through improving and extending service which is well loved by Surrey residents;
- Increasing revenue contributes directly to meeting SCC recycling targets; and
- Greater long-term revenue potential than CRC proposals and reduction of recycling credits, both of which could stall recycling rates and make this harder to realise going forward.

The government’s waste agency, WRAP, made the case for improved household recycling collection in its Recycling Consistency Report in 2016¹. This highlighted how to increase the quality and quantity of recycling. Key proposals in it are set out under option 1 (increasing recycling quality) and option 2 (increasing amount of recycling) below:

Option 1 – Quality of recycling: raised revenue through better kerbside separation.

Recycling revenue can be increased through two or three streams of recycling: paper and mixed recycling or paper, glass and mixed recycling all separate (with food and garden waste also collected separately). This will make more money because a) contamination rates are typically lower and b) recycling value is higher. There is a current trend towards this type of recycling collection. For example, the South London Waste Partnership has switched. This would, in effect, mean rolling out the Reigate and Banstead recycling format across Surrey. This requires:

- single paper ‘black box’ per household (limited cost)
- restructuring recycling rounds and collections (impact varies)

The capital roll-out cost of this would need to be estimated.

The revenue budget financial impact can be estimated by contrasting Surrey Waste Partnership and Reigate and Banstead per tonne average recycling revenues, as follows:

Area	Paper revenue	Glass, plastic and glass revenue	Average (based on 60% paper by weight)
Reigate and Banstead(1)	£75	£0 tonne	£45
Most Surrey Boroughs (2)	-£40/tonne		£-40

Note 1. Source of costs: WRAP Material Pricing Report, RBBC 2016 budget scrutiny – conservative figures. (Total revenue for Reigate and Banstead/household from recycling in 2016 noted as £750,000, which over 14,000 tonnes of dry mix recycling is £53/tonne, or £13.50/household).

Note 2: Source of rates: Surrey paper to last E+I Select Committee

¹ See WRAP (2016) Supporting evidence and analysis: The case for greater consistency in household recycling. URL: http://static.wrap.org.uk/consistency/Read_more_about_the_framework.pdf

Applying this across the rest of Surrey (based on 115,000 tonnes of dry mix recycling across Surrey – 101,000 excluding Reigate and Banstead) = 101,000 x £85 (differential/tonne) = **£8.6 million**

The WRAP containment report notes that this should reduce contamination rates, but this will already be reflected in the different recycle revenues set out above.

Option 2. Quantity of recycling: increase recycling rate

This focuses on opportunities for doorstep recycling that are not currently raised in the CRC options report. Other opportunities to increase recycling rates at CRCs (in line with best practice not set out):

- **Communication campaigns and standardisation** to increase the recycling rate (as noted in WRAP Consistency report by up to 7%) by increasing participation and separation rates.
- **Limiting effective weekly containment** to 120 litres increases recycling (not clear to what extent this applies). WRAP Consistency report estimates that limiting effective weekly containment to 120 litres increases recycling by 7.2+/- 2.9 percentage points, at a cost of £9-£27/household/year.
- **Completing roll-out of better recycling scheme to flats and communal properties.** The Anthesis Hard to Reach Property Review (August 2016) estimates that around 19,000 flat/communal properties could have better dry mixed recycling collections and 35,000 do not yet have food waste collections.

Overall increase in financial value depends on whether or not option 1 is implemented:

Recycling Rate increase (1)	Without Option 1 (2)	Without Option 1 (3)
+ 5%	£1.9 million	£11.6 million
+ 10%	£3.7 million	£14.5 million

Note 1: Based on 530,000 tonnes total annual waste.

Note 2: Based on £110 disposal cost and average £40/tonne dry recycle gate fee as noted in report to last E+I select committee meeting.

Note 3: Based on additional £85/tonne from option 1 above for 50% of recycling. This includes the benefit of option 1 above for all existing waste across Surrey.