

TO: JOINT WASTE DISPOSAL BOARD
15th JULY 2016

PROGRESS REPORT
Report of the re3 Strategic Waste Manager

1 INTRODUCTION

- 1.1 The purpose of this report is to brief the re3 Joint Waste Disposal Board (JWDB) on progress in the delivery of the re3 Joint Waste PFI Contract and the re3 Strategy.

2 RECOMMENDATION

- 2.1 **That Members note the contents of this report.**

3 ALTERNATIVE OPTIONS CONSIDERED

- 3.1 None for this information report.

4 REASONS FOR RECOMMENDATION

- 4.1 The purpose of this report is to brief Members on progress and delivery related to decisions that have previously been taken.

5 BACKGROUND INFORMATION

Recycling Centres

- 5.1 The first change at the re3 Recycling Centres came into force on 1st July 2016. The change was prompted by the decision of West Berkshire Council to cease payments for use of re3 facilities by West Berkshire residents.
- 5.2 Over the first weekend (Friday 1st to Sunday 3rd July 2016, inclusive) 478 potential visitors were denied access to the re3 Recycling Centres (82 at Longshot Lane and 396 at Smallmead).
- 5.3 The numbers of residents who visited Longshot Lane was very similar (in comparison with the preceding week). However, at Smallmead, overall visits were down by 556. There is a feeling, on the part of staff, that some non-re3 visitors stayed away precisely because they had heard about the new access conditions.
- 5.4 While it is still very early in the process. The change has been made and has been shown to be workable. The requirement now is to continue communicating the changes consistently, maintaining the administrative processes that have been developed and ensuring that frontline staff are supported in delivery.
- 5.5 As one example, the web-form system for application for permits allows the re3 Councils to check residency before an application is accepted. That is essential in order that the new access conditions aren't circumvented by residents from outside the re3 area.
- 5.6 E-Government represents a significant opportunity for Local Government to evolve accessibility to services and streamline processes. As the re3 Councils effect a transition a more 'self-serve' model (where services are selected and booked on-line by residents), it will be normal for residency to be confirmed in advance. Such

principals are important because they support the aim of the changes re3 has now made and will help to support the wider transition to 'self-serve'.

Recycling Exports

- 5.7 The UK market for secondary materials (recycling) has not seen consistent growth for some time. Indeed values in key materials (metals, paper, plastic and glass) have all fallen during the last two years.
- 5.8 The Contractor, FCC, has increased exports of material from the re3 Material Reclamation Facility (MRF). This has necessitated some minor operational changes because exported material must be transported in shipping containers rather than on curtain-sided Lorries. However, during 2016, the re3 Contract has exported 1300 tonnes of recyclables (principally paper and card) to China, Vietnam, Germany and Holland.
- 5.9 The Contractor has undertaken a comparison of UK prices (including some estimates) and actual export prices. Based on that exercise, the Contractor believes that exports have outperformed UK sales by 25% in the first half of 2016.
- 5.10 Secondary material prices in the UK have of late begun to improve. Nonetheless, in terms of business continuity, financial outcomes and experience, the opening-up to export markets by re3 should stand the partnership in good stead.
- 5.11 Members received a report on the process of approval for new material reproprocessors, in January 2016. Officers are pleased to report that the trial approval process has proven to be workable and will be adopted, as initially described, when a review of the contractual Service Delivery Plans is undertaken in the autumn.
- 5.12 To support the commercial aspirations of the re3 Partnership, Officers are working on proposals for Contractor-validation of non-EU exports. Such an approach would see assurance provided to the Councils that a supplier had passed all possible checks and was validated by the Contractor. It is expected that the Councils would have 'on-request' access to all appropriate documents about the supplier. This would be an opposite approach to how such validation has worked in the past. It is believed by both Officers and the Contractor that such an approach will prove to be more flexible, actively facilitating commercial activities, whilst retaining an appropriate level of assurance.
- 5.13 Subject to market and political conditions, it may subsequently be proposed that this approach is extended to cover exports from re3 to the European Union (EU).

UK Referendum on European Union Membership

- 5.14 On Thursday 23rd of June 2016, a UK referendum was held on whether or not the UK should remain within the EU or leave the EU. The result of the referendum supported the UK leaving the EU.
- 5.15 An interesting and comprehensive, initial, perspective on that decision for the waste industry has been provided by Gev Eduljee, Director of External Affairs at Suez. In his opinion-piece, ['After the vote: Assessing the impact of Brexit - letsrecycle.com'](http://letsrecycle.com) (June 28th 2016), Mr. Eduljee describes the potential outcomes for the UK and urges for the delivery of a clear strategic direction for the UK waste industry.
- 5.16 The re3 Board has previously corresponded with the Parliamentary Under-secretary with responsibility for waste, Rory Stewart MP, in a similar vein.

- 5.17 There clearly are some significant strategic questions which arise from the outcome of the recent Referendum. Whenever Article 50 of the Lisbon treaty is finally triggered, the UK will have a minimum of two years in which to negotiate the legal terms of a new relationship with the EU. Waste is unlikely to be a high priority in such negotiations and that introduces additional uncertainty for the UK waste industry.
- 5.18 Many pieces of EU legislation have been transposed into UK law (e.g. the EU Waste Framework Directive is transposed for the UK by the Waste Regulations 2011). It is currently unclear whether both pieces of legislation would need to be replaced or revoked in order for there to be a material difference. It may be anticipated that the regulatory 'bite' of legislation which originally emanated from the EU might be lessened in practice but that cannot be confirmed at present.
- 5.19 While the regulatory impact of EU legislation has promoted considerable development in the UK waste industry, that role may now be taken by financial imperatives. For re3, the most important considerations will therefore be around the impacts on the market for UK recyclables.
- 5.20 To provide a perspective from our principal private-sector waste partner, the Chief Executive of FCC, Paul Taylor, will be invited to meet with the re3 Board either in a specific session or at a later JWDB meeting (subject to availability and content on the subject being available). An FCC perspective on the implications of the UK leaving the EU will be interesting and influential for the re3 Partnership. The re3 Partnership and FCC are resolved to work together in the development of waste services.

Re3 Strategy

- 5.21 The re3 Partnership has developed a clear strategic direction.
- 5.22 The Joint Waste Disposal Board has previously considered the content of the re3 Strategy and resolved that it should be approved by the appropriate decision-making committee at each council.
- 5.23 The dates upon which the re3 Strategy will be considered for approval by the respective councils are shown below:
- Bracknell Forest Council – 19th July 2016
 - Reading Borough Council – 5th July 2016
 - Wokingham Borough Council – 28th June 2016
- 5.24 Appropriate Officers from across the re3 Partnership are already working to deliver the re3 Strategy targets (as identified in each target). Progress towards the strategy objectives will be reported at each Joint Waste Disposal Board.

JWDB Visit

- 5.25 A visit to Lakeside Energy from Waste facility has been arranged for the re3 Board for September 30th 2016.

6 ADVICE RECEIVED FROM ADMINISTERING AUTHORITY

Head of Legal Services

- 6.1 None for this report.

Corporate Finance Business Partner

6.2 None for this report.

Equalities Impact Assessment

6.3 None.

Strategic Risk Management Issues

6.4 None.

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable.

Method of Consultation

Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

re3 Progress Report October 2015
re3 Progress Report January 2016

Contacts for further information

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