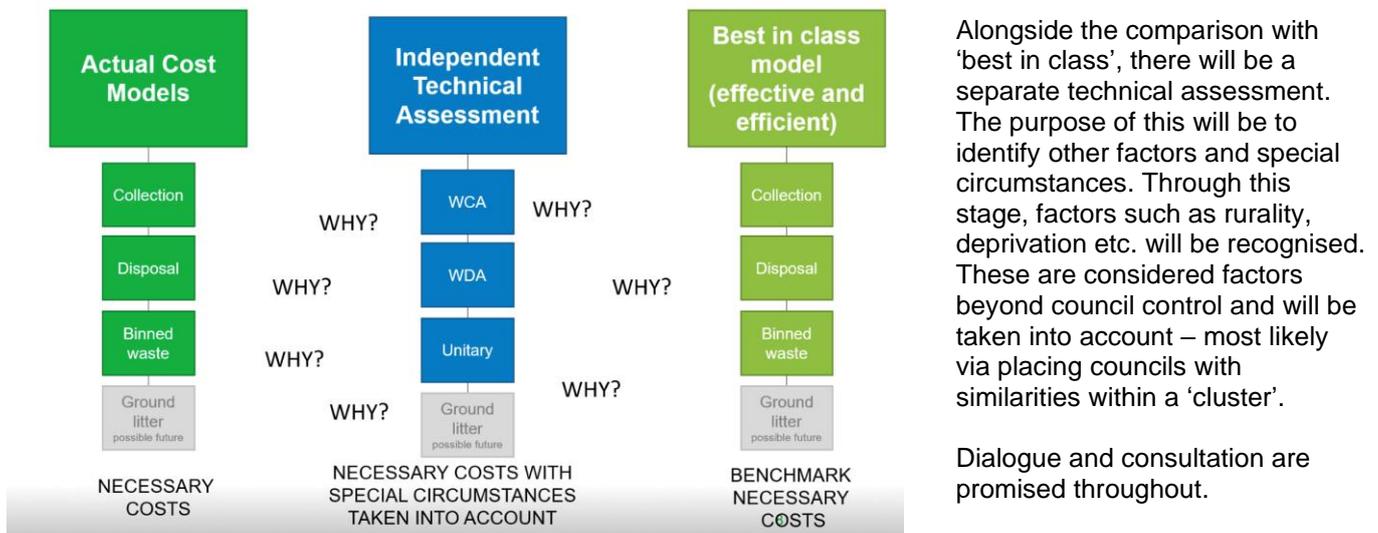
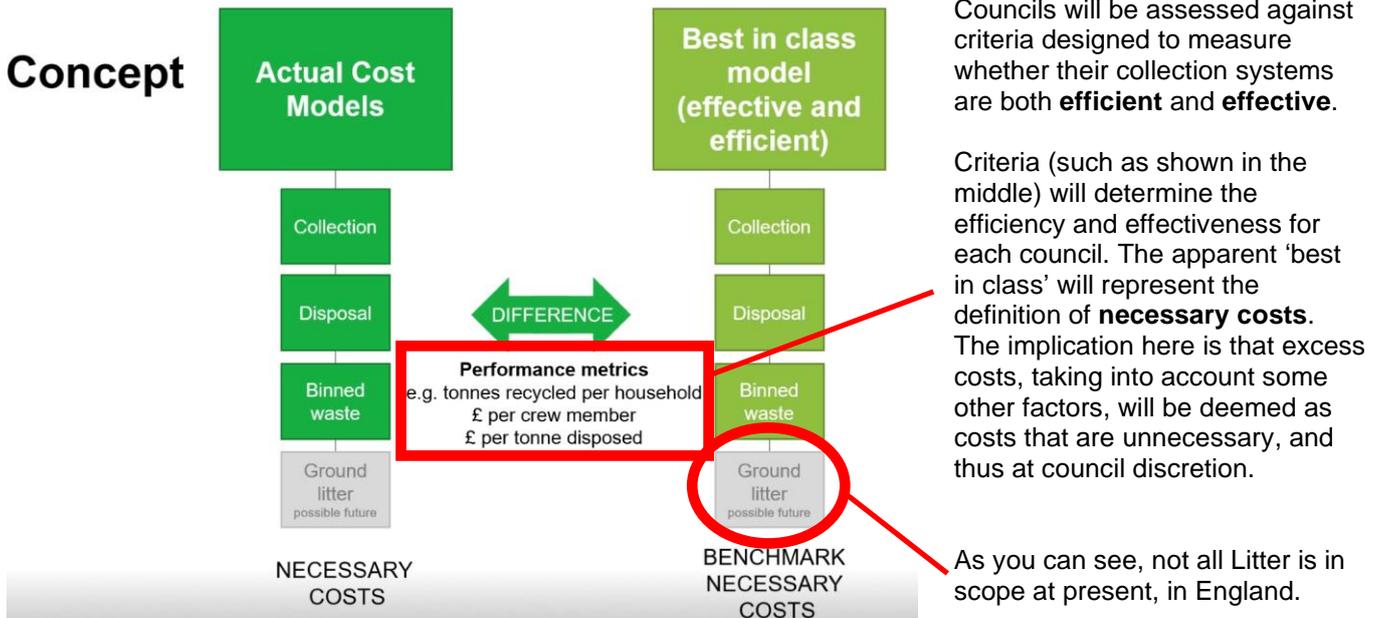


re3 Project Team

The screenshots below were taken from a presentation by Defra on the Extended Producer Responsibility (EPR) element of the Environment Act. They relate to how councils will be assessed in relation to funding through EPR.



Actual Cost Models

Collection

Disposal

Binned waste

Ground litter
possible future

Current thinking (may change)

- Must calculate costs for every UK LA for the scheme year e.g. 2024/25
- Needed for 2024/25 and 2025/26 as a minimum prior to possible transition to actual cost reporting
- Likely to be a “bottom up” model based on services and using standardised costs
- Uses data provided by LAs plus ‘default’ assumptions within service and geodemographic clusters
- Owned, designed and maintained on behalf of the four administrations

At commencement, some modelled costs will be used. The intention is to move towards using actual costs. Some transition time is needed because DEFRA does not understand the differences in how costs are accounted across LAs.

We have experienced the same issues with large benchmarking exercises, which is why we developed our re3 assessment of ‘net cost’. Our familiarity with that exercise should prove a really handy source of preparation for this new regime.

9

Best in class model (effective and efficient)

Collection

Disposal

Binned waste

Ground litter
possible future

Current thinking (may change)

- Calculates a theoretical range of costs under assumptions of effectiveness and/or efficiency for every UK LA (best, average, range etc.) “best case”
- Based on
 - likely in-scheme-year service profile
 - widespread drivers of costs which an LA can’t influence (e.g. rurality and deprivation)
- Takes as many operational factors into account as possible, but recognises that not all special circumstances can be incorporated
- Based on good practice and expert knowledge and uses existing model assumptions e.g. KAT6

We should note the phrase ‘not all special circumstances can be incorporated’ (highlighted, left). Whilst undoubtedly true, and reasonable, Producers will naturally seek to drive down the scheme costs of collection and treatment (of the packaging they have placed on the market).

The eventual tightening of what constitutes a special circumstance should be expected. That would reduce councils’ capacity to respond to local influences. In this way, councils’ exposure to supply chain pressures will be more materially significant.

11

Best in class model (effective and efficient)

Collection

Disposal

Binned waste

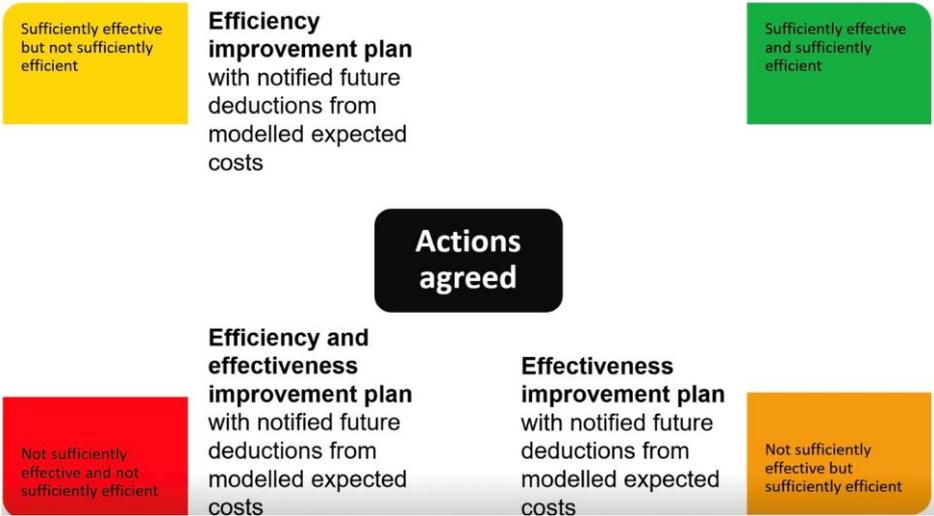
Ground litter
possible future

Current thinking (may change)

- Outputs metrics for ‘best case’ in-year costs e.g.
 - Tonnes recycled per household, by material
 - Contamination rates per household
 - Cost (collection, disposal, street bins) per tonne
 - Cost per % point of the recycling rate
- Individual LA level summary for best case costs
 - Every input data item
 - Every assumption
 - Every default value
- Detailed summary of differences between expected and best case in-year costs

On the left are examples of indicators that may be used to assess effectiveness and efficiency. They aren’t unfamiliar to councils but may now need to be a greater focus. Again, the re3 net cost of waste assessment will help furnish us with some insight. As soon as we get more detail, we could perhaps begin to prepare some test submissions.

The information review, recently reported to the re3 Board should help that process.



Each council will be assessed in one of four categories. If you are assessed as being **sufficiently effective and sufficiently efficient** (green) councils will not be presented with an improvement plan. Otherwise, each council will receive expected improvements, which could result in reductions in funding if not satisfied.

There was no information forthcoming on how deductions in funding may exacerbate performance issues.

Initial thoughts

Effectiveness

- Quantity of waste by material type collected for recycling and actually recycled
- [Quality of waste by material type collected and delivered to recycling]
- Also taking account of relevant strategy and legislation in each nation (charters, blueprints, consistency etc.)

Efficiency

- Costs of delivering the service per unit of output e.g. per tonne of recycling, per tonne of contamination, per head of population, per household served etc.
- Service choices – what and how

It remains unclear how the criteria, shown left, will work with those mentioned above. They are measurable, so at least on the surface objective. However, there are ways that the market can potentially apply agency over what gets recycled, so the top one may not be wholly in council control, for example.

It is important to stress that the draft proposals, described above, are not yet part of a consultation - so there is nothing to push back on or lobby for/against. There are apparently going to be some workshops over the course of the Autumn. I suggest that the Councils ensure we are represented as a group at a workshop, and that any information gathered therein is disseminated.

Further to that, it would be a good idea to work together to share thoughts, identify needs and prepare as partners – whilst the councils are likely to be placed in separate clusters, our geographic proximity, relationships and of course our facilities, will all be common factors.

END.