

## Waste and Recycling Committee

Date: 17 July 2024

Subject: Waste Strategy and Policy Update

Report of: Paul Morgan, Head of Commercial Services, Waste and Resources  
Team

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### Purpose of Report

To provide an update on the latest announcements by government on Simpler Recycling and policy including the consultation on the UK Emissions Trading Scheme.

### Recommendations:

The Committee is requested to:

1. Note the update provided on strategic and policy matters;
2. Strongly recommend that any of its members who are seeking to continue to collect residual waste on a three weekly basis obtain their own legal advice as part of formulating their rationale for departing from any statutory guidance on the subject; and
3. Write to Defra and its Secretary of State to request that statutory guidance on the frequency of residual waste collection is reconsidered giving local authorities the flexibility to determine their own waste collection frequencies.

### Contact Officers

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# Equalities Impact, Carbon and Sustainability Assessment:

## Recommendation - Key points for decision-makers

To note the proposals and recommendations within the report.

### Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation	G	
Housing		
Economy	G	<p>The UK ETS will either generate funds to put towards decarbonisation projects at a national level or the alternative for GMCA (carbon capture) will see fossil CO2 from residual waste be captured and not emitted making the thermal recovery carbon neutral. Activities to meet Simpler Recycling responsibilities may increase requirement for waste staff on collection and treatment/recovery. The construction and operation of the carbon capture facility in Runcorn will create employment opportunities.</p> <p>Activities to meet Simpler Recycling responsibilities may increase requirement for waste staff on collection and treatment/recovery. The construction and operation of the carbon capture facility in Runcorn will create employment opportunities including in engineering and skilled trades.</p> <p>In several ways - through knowledge transfer on carbon capture, operation of new leading edge waste treatment facilities etc.</p> <p>Opportunities will arise from the new developments.</p> <p>In response to Simpler Recycling GMCA is repurposing one of its buildings to accommodate a new materials recycling facility.</p>
Mobility and Connectivity		
Carbon, Nature and Environment	A	<p>If the governments requirement for a backstop of fortnightly collection frequency for non-recyclable waste is implemented there will be more waste collection vehicles on GM's roads.</p> <p>The opportunity to capture carbon and store it will effectively make a significant part of wastes' fossil carbon carbon neutral.</p>
Consumption and Production	G	<p>The new materials recycling facility will enable us to capture pots, tubs and trays and plastics films/flexibles for recycling.</p> <p>it will further generate raws materials for circular products.</p>
Contribution to achieving the GM Carbon Neutral 2038 target		<p>If GMCA chooses to support the development of carbon capture and storage of the CO2 emitted from the thermal recovery of a significant proportion of its residual waste at the Runcorn EfW facility around 200ktpa fossil CO2 will not be emitted. A further 200ktpa of biogenic CO2 will be stored also.</p>
Further Assessment(s):	Carbon Assessment	
<b>G</b> Positive impacts overall, whether long or short term.	<b>A</b> Mix of positive and negative impacts. Trade-offs to consider.	<b>R</b> Mostly negative, with at least one positive aspect. Trade-offs to consider.
		<b>RR</b> Negative impacts overall.

## Carbon Assessment

Overall Score				
Buildings	Result	Justification/Mitigation		
New Build residential	N/A			
Residential building(s) renovation/maintenance	N/A			
New build non-residential (including public) buildings		Repurposing of existing building Unknown		
Transport				
Active travel and public transport	N/A			
Roads, Parking and Vehicle Access	N/A			
Access to amenities	N/A			
Vehicle procurement	N/A			
Land Use				
Land use	N/A			
No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.

## Risk Management

There are a number of risks that arise from Simpler Recycling relating to the collection of waste and these will be considered further as proposals become clearer.

## Legal Considerations

The government's Simpler Recycling regime may include the requirement to collect non-recyclable residual waste no less frequent than once every two weeks. This stipulation may be enshrined in statutory guidance. Individual districts currently collecting on a three weekly cycle will need to assure themselves that if they deviate from the statutory guidance that they have a robust justification for doing so and should seek their own legal advice.

## Financial Consequences – Revenue

There will be revenue consequences to both transition to and operation of the Simpler Recycling waste collection methodologies but until clarity is received it is difficult to calculate impacts precisely.

The UK Emissions Trading Scheme or the alternative carbon capture and storage option for fossil CO<sub>2</sub> are likely to generate significant revenue impacts from January 2028 (with some costs for monitoring arising sooner). These are unavoidable.

In both cases there may be some income from the Packaging Extended Producer Responsibility fund that will go a little way to offset increased costs. The extent of any offset is currently unknown.

## **Financial Consequences – Capital**

The construction of the new materials recycling facility at Salford Road in Bolton has a budget of £20 million and this is already agreed. In implementing Simpler Recycling there may be capital costs for both GMCA and the individual districts.

**Number of attachments to the report:** None.

## **Comments/recommendations from Overview & Scrutiny Committee**

N/A

## **Background Papers**

- [GMCA Part A Report Template \(greatermanchester-ca.gov.uk\)](https://greatermanchester-ca.gov.uk) – waste strategy update to the Committee July 2023
- [Exemptions and Statutory Guidance for Simpler Recycling in England - government response](#) – government's response to the Simpler Recycling consultation
- [GMCA Part A Report Template \(greatermanchester-ca.gov.uk\)](https://greatermanchester-ca.gov.uk) - The Management of Carbon Emissions from Non-Recyclable Residual Waste 17<sup>th</sup> January 2024

## **Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution?

Yes

### **Exemption from call in**

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

None.

### **GM Transport Committee**

N/A

### **Overview and Scrutiny Committee**

N/A

# 1. Introduction

This update provides the latest position on two subjects – the national Resources and Waste Strategy (RaWS) and Simpler Recycling and a consultation on the implementation of the UK Emissions Trading Scheme now that energy from waste is to be included within it.

## 2. National Resources and Waste Strategy/Simpler Recycling

Local authorities and the wider waste management industry had been eagerly awaiting the Government's response to the November 2023 Simpler Recycling consultation which was published in early May 2024.

The adoption of the Simpler Recycling (previously called Consistency in Recycling) is a reform to the recycling system which means that residents across England will be able to recycle the same materials, whether at home, work or school. In the targeted consultation the government sought views on:

- proposed exemptions to the requirement to collect the core recyclable waste streams separately from each other; and
- statutory guidance for the legislation related to Simpler Recycling.

### 2.1. Collection Requirements Exemptions

In brief, in the first question area the government asked whether there was agreement on allowing:

- the collection of dry recycling mixed in the same container; and
- the collection of food waste and garden waste together in the same container.

Both of these collection methods were stated as being possible without requiring the previously mooted written technical, economic and environmental practicability (TEEP) assessment to justify not collecting all materials separately.

Of the respondents, 76% agreed with having the exemption from separate collection for dry recycling and 62% for mixing organics wastes.

As a consequence of this support, the government included these two exemptions in The Environment Act 2021 (Commencement No, 9 and Transitional Provisions) Regulations 2024 laid before Parliament on 14<sup>th</sup> May 2024. GM districts can therefore continue to collect food waste and garden waste if they choose to do so without the need to develop a robust economic, environmental and technical justification for not separately collecting the food

waste element. Also contained within these Regulations was the confirmation of the six GMCA waste collection authorities who will benefit from the transitional arrangement deferring the requirement to fully apply the weekly food waste collection requirements detailed in the Environment Act 2021.

In its response to the consultation, GMCA supported the creation of these two exemptions so is pleased to see the government support them and then see them enacted in the Regulations before Parliament was dissolved for the general election.

## **2.2. Statutory Guidance and the Frequency of Residual Waste Collections**

In this part of the consultation the government stated it *“...expects a minimum service frequency for residual waste collections of fortnightly in England. We therefore propose that the statutory guidance sets out that local authorities should provide residual waste collections on at least a fortnightly basis. The government actively encourages councils to collect residual waste more frequently than fortnightly; this minimum standard provides a backstop, not a recommendation.”*

The consultation then confirmed that New Burdens funding would not be available to any authority who would have to change services to comply with statutory guidance.

Four of the nine GMCA waste collection authorities collect residual waste on a three-weekly basis. The GMCA consultation response robustly opposed this proposal on a number of grounds including the:

- detrimental impact it will have on recycling and composting rates;
- conflict with other strategic priorities and targets set by government;
- negative impact on contributing to net zero;
- increase in collection costs;
- increase in disposal costs (including the emissions trading scheme);
- inability to accommodate the increased number of vehicles and crews at council depots; and
- increase of vehicles on GM's roads.

However, despite only 10% of respondents explicitly agreeing with the proposal, the government has carried it forward and announced plans to publish statutory guidance on it.

This clearly has a significant impact on the four authorities already collecting residual waste on a three-weekly basis and further prevents the other five from considering this move in the future (which has significant cost saving and recycling benefits).

Prior to the announcement of the general election Defra did respond to comments on this from local authorities especially about whether statutory guidance could be disregarded. All Defra will say is that statutory guidance should be followed unless there are “very good reasons not to” and would not elaborate on what may constitute a good reason. The only response from Defra is that local authorities should seek their own legal advice if they intend to depart from the Statutory Guidance. GMCA has sought its own legal advice. Authorities may be considered to be in breach of its operative statutory duty to collect residual waste if it does not do so in accordance with the frequency set out in the guidance. To the extent that an authority could set out a lawful rationale for departing with the requirements in the guidance, it would not be deemed to be in breach of the operative duty.

If any of the GM waste collection authorities considers continuing to collect residual waste at a frequency contrary to the statutory guidance it is imperative that it seeks its own legal advice in developing that lawful rationale.

The general election announcement has interrupted the publication of any draft statutory guidance and a change of government may delay it further. This might provide an opportunity to lobby the new government on this subject with the view of allowing local authorities as much flexibility as possible which was a common phrase in the original consultation.

### **3. UK Emissions Trading Scheme**

#### **3.1. Introduction**

Members will recall previous reports to the Committee on the inclusion of energy from waste into the UK’s Emissions Trading Scheme (UKETS). The UKETS is a scheme whereby larger emitters of carbon dioxide (CO<sub>2</sub>) effectively pay a levy on the quantity of fossil-based carbon (i.e. carbon from an oil source) they release into the atmosphere. The government recently announced that energy from waste (EfW - the route used by the GMCA for the recovery of around 500,000 tonnes of residual waste annually) would be included in the scheme from 1st January 2028.

The scheme is a cap and trade mechanism whereby the amount of carbon ‘allowed’ to be emitted by obligated sectors reduces each year. Each tonne of carbon emitted comes at a price (set by an international market) and emitters need to purchase enough allowances to cover their emissions and/or work to reduce their emissions so they need to buy fewer allowances.

For the GMCA this could mean having to purchase allowances to cover around 250,000 tonnes of CO<sub>2</sub> each year as around half of the CO<sub>2</sub> emitted from the thermal recovery of our waste comes from a fossil source. The price of each allocation will vary as this operates on an open market and the government used a figure of £70/t for modelling work in 2023. Applying this to GMCA household waste the cost could be in the region of £17.5m per annum (although at the time of writing carbon allocations are around £30/t).

Currently government is consulting on aspects of the Scheme as it relates to waste. Key areas for GMCA are the proposals for operations, monitoring, reporting, verification and guidance and the impacts and risks associated with the Scheme.

### **3.2. The Consultation**

The consultation is long and technical and seeks views on the scope of the scheme as regards waste; requirements for operators relating to emissions monitoring, reporting and verification; impacts and risks; changes to the UKETS cap and how to incentivise heat networks.

Of particular interest to GMCA are proposals on:

- A two-year transition period from 2026 to 2028 whereby operators will be required to monitor emissions, report them and verify them. In this period there will be no need for operators to purchase carbon allowances. This period may be voluntary or mandatory;
- The inclusion of advanced thermal treatments and advanced conversion technologies in the UKETS. These technologies are emerging as alternatives to 'conventional' EfW (for example) and are being explored to manufacture sustainable aviation fuel (SAF);
- Facilities that convert wastes to plastics raw materials (polymers and monomers) may not be included in the UKETS;
- There is no intention to exempt the incineration of any types of waste, including hazardous or clinical, from the UK ETS. This means that allowances will need to be obtained for the destruction of waste upholstered domestic seating that contain persistent organic pollutants (POPs) for which there is no other disposal route;
- The monitoring of input feedstocks and emissions;
- Provision of guidance:
  - to operators of EfW facilities on monitoring, reporting and verification of emissions and passing costs through to customers;
  - to customers passing costs through to customers;



- on interaction with other policies such as the Extended Producer Responsibility for Packaging (pEPR) and decarbonisation opportunities.
- The creation of a perverse incentive to move fossil-carbon waste from EfW to landfill and the increase in the export of refuse derived fuel potentially avoiding the UKETS; and
- The accurate apportionment of costs.

GMCA will respond to the consultation (deadline for responses is early August) on these key proposals seeking to argue that, whilst we support the drive towards net zero, the cost impacts on local authorities seems disproportionately high and government should work to reduce these where possible whilst still providing an incentive to reduce emissions of fossil-carbon from residual waste.

### 3.3. Emerging Issues

Irrespective of the outcome of the consultation a greater understanding of the impact of the UKETS on local authorities is starting to emerge.

Allowances costs allocation – a key concern for local authorities is only paying for the fossil-carbon that is sent to an EfW facility. For GMCA we know that all of the household waste thermally recovered at Raikes Lane arises from Greater Manchester so the responsibility for the carbon emissions is ours so we don't share that concern for this waste. However, the facility in Runcorn has a capacity of over 1 million tonnes for which we supply around 35% of that waste. Without any feedstock testing prior to thermal treatment any supplier of waste cannot be certain it is paying only for the fossil-carbon it has sent or indeed underpaying as a result of another supplier's efforts to remove fossil-carbon. This is a concern that will receive considerable attention over the next few years but one suggestion to address this is to apply 'factors' to different waste streams which effectively make assumptions on the fossil-carbon content of wastes delivered from, for example, household, commercial or industrial sources.

Monitoring costs - some indication of set up and monitoring costs are emerging – for example, at an individual facility perhaps:

Emissions monitoring equipment	£30k to £80k	capital (one off)
Annual operation	£10k to £20k	revenue annually
Radiocarbon analysis of emissions	£650 each	

## **4. Funding Simpler Recycling and the UKETS**

Clearly both the requirements of Simpler Recycling and the introduction of the UKETS will come with additional costs. For Simpler Recycling the mandatory food waste collection requirements are being supported by New Burdens funding and the three GM authorities who did not seek the Transitional Arrangement are aware of the capital allocation they will receive in support implementation. We are as yet unaware of any revenue support in this area.

The aspects of Simpler Recycling that relate to collected waste packaging (whether it is recycled or not) to a greater or lesser extent will receive financial support through the pEPR and we should receive indicative allocations before the end of this calendar year. After that, waste collection authorities will receive modelled payments that may vary depending on whether they are considered to be delivering efficient and effective collection systems.

Although not confirmed, government has indicated that the pEPR payments will also include an amount to cover the UKETS 'charge' for any packaging that is made from fossil plastics. It is estimated that residual waste may comprise around 25% packaging that might be made of fossil-carbon plastic.

## **5. Next Steps**

GMCA will continue to engage with Defra and other relevant departments on Simpler Recycling and the UKETS.

We are in discussion with our contractor Suez on the equipment and procedures required to work towards the 1<sup>st</sup> January 2028 UKETS commencement date for energy from waste as these will be needed for the waste thermally recovered at our Raikes Lane facility where CO<sub>2</sub> will continue to be emitted to the atmosphere so will require the purchase of CO<sub>2</sub> allocations.

For the Viridor Runcorn carbon capture and storage (CCS) plan (as reported to Committee at the January 2024 meeting), the project is progressing towards concluding negotiations with the Department of Energy Security and Net Zero (DESNZ). During this time GMCA will progress discussions with our contractor TPSCO and Viridor on contributing to the CCS project.

Updates will be presented to the Committee at relevant points.