Newham London

Dr Therese Coffey MP
Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
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30 August 2017
REF: **MAY 26179**

Dear Dr Therese Coffey MP,

Please find attached our response to your later dated 27th July 2017, asking for further information about Newham's household recycling rate. This has been forwarded to [redacted] in your team, as requested.

Newham has invested more than many authorities in a range of activities to support behaviour change and encourage recycling, including regular communications campaigns and establishing a permanent 'visiting team' to engage with residents on recycling and other environmental issues.

However, we face significant structural challenges in increasing household recycling rates, with most of the established barriers to recycling present on a much greater scale in Newham than virtually all other authorities. This includes overcrowding, a transient population, language barriers, deprivation, and challenging housing stock - with a large number of HMOs and high density blocks.

Furthermore, we are tied into an expensive and inflexible waste disposal PFI contract until 2027 that limits our ability to improve recycling performance. Agreed in 2002 by the East London Waste Authority (ELWA), this arrangement was encouraged and incentivised by central government when PFI credits represented the main source of funding available for such projects. In line with government policy goals at the time, it was designed with the primary aim of diverting waste from landfill rather than increasing recycling.

Under this agreement the East London boroughs did achieve high levels of landfill diversion long before the majority of other councils, and we continue to see diversion rates of around 90% - with the majority of waste converted into solid fuels for use in energy centres. However, the contract presents a major obstacle when it comes to recycling performance due to restrictions on what materials can be collected separately, the overall cost of the waste levy, and the lack of any financial incentives for the council to invest in achieving higher recycling rates.

Newham is tied to ELWA by statute, and must deliver all its waste to that authority. Having been encouraged to adopt this approach by central government, we are now caught in an expensive PFI contract where we lack the choice, flexibility, and savings opportunities through recycling solutions that many other authorities are able to exercise.

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Despite these restrictions, we are continuing to target areas where we can make a difference, such as reducing levels of recycling contamination through our innovative 'back to basics' campaign in partnership with Resource London, and through our visiting team. We will continue to explore further opportunities to improve recycling performance.

However, the severe and ongoing government funding cuts that we face reduce our ability to invest in improvements. With no financial return for the Council in increasing recycling rates, and immense pressure on our budget and services, we have to prioritise those areas that will deliver the most benefit for our residents. In a difficult financial context, external funding may be required to support any significant service changes.

It is worth pointing out that the borough's carbon footprint is one of the lowest, if not the lowest, in the country. It does not therefore make sense to tax residents to deliver greater recycling when they already are amongst the lowest pollution-contributing populations in the country.

We welcome further discussions with you and your officers to consider how we might work together to identify solutions to these issues, including potential sources of external funding that could support improvements.

Yours sincerely

Sir Robin Wales
Mayor of Newham
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Recycling Performance in Newham

The below is a response on behalf of London Borough of Newham to the recent request for information on recycling performance from Defra. Given the restriction to two sides, this provides an introduction to the range and scale of challenges that Newham faces in achieving high recycling rates, and we would welcome the opportunity to discuss these issues further.

What's working well? Do you have any positive experience it would be helpful to share?

The waste collection and disposal arrangements in Newham are dominated by the nature of the PFI contract between East London Waste Authority (ELWA) and Renewi (formerly Shanks). This began in 2002, when the national legislative and policy picture was focused on diversion of waste from landfill rather than increasing recycling. The solution put in place by Renewi was designed to achieve high diversion rates at the 'back end', by recovering materials for recycling from the general waste and then creating solid fuels from the remaining material. Through the use of this technology, the East London boroughs achieved high levels of landfill diversion long before the majority of other councils, and continue to see diversion rates of around 90%.

Newham has invested more in recycling than many local authorities over the last few years. Since April 2016 our five-person Visiting Team has been making its way round the borough on a doorknocking programme in support of the Keep Newham Clean campaign, with recycling the main focus of their conversations with residents. We also ran a widespread recycling-themed phase of the campaign, commissioning videos, outdoor advertising and numerous other communications channels. We maintain a continual drip-feed of recycling messaging through our council magazine and social media platforms, and actively engage in initiatives like Recycle Week.

Newham has been particularly focussing its efforts on trying to tackle the problem of contamination in mixed recycling collections. In partnership with Resource London, Newham is piloting a new approach to communicating about contamination called 'back to basics'. This is using very simple single-material messaging, and has so far delivered measurably better results in the trial areas. A second phase of the project is underway to test alternative delivery methods for the communications in order to demonstrate the most cost-effective way of running this type of campaign.

Extending this partnership with Resource London further, we are also one of the chosen boroughs for their project to look at tackling contamination at all stages within the waste 'supply chain'. This project is examining in detail the sources and nature of contamination from the point the householder uses their recycling bin right through to the final sorting at the MRF.

Are there particular reasons affecting waste and recycling locally to you? And do you have views on how could they be addressed?

The primary local issues that impact Newham's performance on recycling are the intermingled factors of deprivation, density/overcrowding, transience, challenging housing stock, and significant language barriers. The importance of these are set out in the landmark *Barriers to Recycling At Home* research, which was commissioned by WRAP and continues to be available on their website. Newham is one of the fastest growing, most densely populated and diverse parts of the country, with continuing high levels of deprivation and other challenges within the community. The borough is a hotspot for regeneration, and is seeing large numbers of high-density blocks of flats being built on former industrial sites. On top of this, consequences of London's housing crisis are making their mark on our recycling performance, as we see the levels of home ownership falling, the numbers of houses in multiple occupation (HMOs) rising, and increasing levels of transience. All of these are established barriers to achieving high recycling rates, and Newham faces these challenges on a much greater scale than virtually all other local authorities.

Newham also has very low levels of green garden waste, which means that we do not have access to what is the single largest source of recycling tonnage for some of the higher performing councils. In addition, Newham sees it as a higher priority to promote composting at home for this type of material, as this is the most sustainable and financially advantageous outcome. We therefore offer additional subsidies on top of the normal discounted prices available to the public through the Getcomposting nationwide framework, so that Newham residents can buy a composting bin for as little as £4.

Are there obstacles outside your authority's control that may affect your recycling rate?

The ELWA PFI contract with Renewi is a major obstacle, both in terms of technical restrictions put on what materials can be collected separately, but also on the costs of disposing of waste and the lack of financial incentives for achieving higher recycling rates.

At present Newham is only permitted to collect a restricted range of materials for recycling, comprising paper, cardboard, tins, cans and plastic bottles. All other materials must go into the general refuse, and although some materials are subsequently recovered for recycling, the yields and quality do not match what other local authorities can achieve. The bio-drying process also means that the food waste extracted has been de-watered before it is weighed and added to our performance figures, thereby contributing a lot less than it does for those authorities that collect it separately and weigh it in to facilities while it is still wet (most of the weight of organic waste is water).

The structure of the PFI contract essentially means that Renewi retains any financial benefits from recycling, rather than there being a notably reduced gate fee or any revenue-sharing for the boroughs. As such, the ELWA levy continues to be structured as per the basic model set out in *The Joint Waste Disposal Authorities (Levies) (England) Regulations 2006*, with no variation in prices for waste disposal according to the material being delivered. In short, Newham pays the same amount to dispose of a tonne of waste whether it is refuse or recycling, and as such the financial incentive to recycle that has driven most other local authorities to invest in collection services and achieve higher performance simply does not exist for us.

The costs of the PFI contract are also contributory factor when comparing Newham to most other London boroughs. The costs of waste disposal in those areas tend to be lower, and the collection authorities have more choice, flexibility and savings opportunities through recycling solutions. Newham, however, is tied to ELWA by statute, must deliver all its waste to that authority, and then must pay the largest share of what is now known to be an expensive contract. A comparison with a neighbouring NLWA borough (Waltham Forest) shows the scale of the financial burden Newham faces compared to others, with LBN delivering just 20% more household waste in 2015-16 but paying 130% more in its annual levy than LBWF this year.

The PFI contract comes to an end in late 2027, and it is unlikely that there will be any improvements to the situation Newham and its East London partners face before then. Defra has reviewed the contract in depth with a view to finding savings for both ELWA and its own PFI credits, but after years of ELWA looking for efficiencies in a bid to assist the constituent boroughs with their responses to the austerity regime, there are simply no more savings to be found.

Over the longer term, what are the biggest challenges and opportunities you see in driving recycling improvements locally?

The biggest challenge facing LB Newham with regards to recycling improvements is, and will remain, the budget available to implement the sort of service changes and sustained communications campaigns that would be required to raise the borough's performance. The severe and ongoing cuts to the grant that Newham receives from Central Government is putting immense pressure on all council services, and requiring difficult decisions to be taken over where funding is prioritised. A potential service change to increase the collection frequency of recycling, reduce contamination, and provide more capacity for residents to allow for any improvements in the range of materials that ELWA would accept, has been costed at approximately £1.1million pounds extra per year for Newham. Given the lack of savings that this would generate in return on waste disposal costs, and the need to continue to prioritise our spending on improving the opportunities for Newham's residents, it would require a significant and ongoing injection of external funding to enable this sort of improvement to our service to be initiated.

A potential opportunity exists in 2027 with the end of the ELWA-Renewi PFI. At this stage a new solution will need to be in place for both the residual waste and the recycling, and it is possible that some alternative approach to the ELWA levy will be agreed by the boroughs at this juncture in order to introduce the sort of financial incentive to recycle that already exists in the vast majority of other regions. Prior to this, and possibly through more intensive joint working between some or all of the ELWA constituent boroughs, there will need to be a road map set out for increasing performance so that the organisation is better able to realise the benefits of any savings on recycling that might become available when the PFI contract comes to an end. Behaviour change takes a long time to achieve, and there will be discussions in Newham about the most cost-effective point at which to start actively working towards higher performance in 2027, comparing the savings that could be available compared to the annual costs of driving up recycling rates prior to that.