

National Association of Waste Disposal Officers

PERFORMANCE REWARD GRANT – CONSULTATION RESPONSE

The National Association of Waste Disposal Officers (NAWDO) supports the principle of performance rewards and is pleased to be involved in the consultation process.

CONTEXT AND BACKGROUND TO NAWDO COMMENTS

Without doubt the greatest challenge currently facing NAWDO members by far, is in meeting the biodegradable municipal waste (BMW) landfill diversion targets under the EU Landfill Directive. Amongst growing concerns that, nationally, there may not be sufficient landfill allowances to go around, and the certainty that excess, over allowance landfilling will attract punitive fines, NAWDO feels it must question the sanctity of criteria that sees *all* forms of recycling performance being rewarded. NAWDO suggests that only those forms of recycling which contribute to diversion of BMW from landfilling should count toward performance and qualify for reward. In such a scenario recycling of e.g. paper, card and composting would qualify, but recycling of e.g. glass, plastic would not. Of much greater concern is that it would seem evident that the national landfill diversion target is not being afforded the prominence over and above recycling targets that it should be.

Some NAWDO members have concerns regarding the co-collection and co-mingling of commercial waste together with household waste as this adds to the amount of biodegradable waste being landfilled where the destination for waste so collected is a landfill site.

NAWDO's SPECIFIC COMMENTS

Question 1

Is recycling and composting the right measure on which to base performance rewards? If not, which qualitatively different measures should be used to gauge waste management performance?

Whilst NAWDO believes composting is a fair criteria, for reasons already stated we do not believe all forms of recycling should count. NAWDO therefore suggests that DEFRA considers the concept of *selective* recycling be considered along with composting as a more appropriate measure.

In marked contrast to landfill diversion targets, no fines or other enforcement regimes are proposed for failure to meet Statutory Performance Standards. It is within this context that the government may wish to reconsider its preference for **option 1**. NAWDO cannot agree with the government's preference for **option 1** as it stands at present. However, a modification of this would receive our support.

As NAWDO believes that landfill reduction should be the dominating criteria, we see BV82d as the appropriate measure and therefore have a strong preference for **option 3**. The majority of NAWDO members do not feel there is anything to be ashamed about in openly supporting waste to energy as a favoured disposal option and do not, therefore, agree with the government's commentary regarding non-sustainability in the context of recovery operations, as what might apply to straightforward incineration does not hold true for energy from waste, combined heat and power, etc.

Question 2

Is it right to reward each of these two aspects of recycling and composting performance? Should one or other not be rewarded? If these two aspects of recycling and composting performance are not the right ones, which others constitute a better basis for rewarding good performance? Is it right to allocate funds on the basis of reaching a performance threshold or should rewards be increased in proportion to the extent by which the threshold is surpassed?

Notwithstanding our comments regarding selective recycling NAWDO supports the government's preference for **option 1** and agrees with the governments reasons for reaching that position.

Question 3

Is it right to cap the size of awards under the Performance Reward Grant? If so, is lowering the threshold for reward the best mechanism for imposing a cap? Is twice the minimum reward a suitable level for capping the rewards?

NAWDO supports the government's preference for **option 2** and agrees with the rationale behind the government's thinking.

Question 4

Is it right to weight grants distributed for meeting the performance criteria? Is population the right factor to use?

We are broadly in agreement in principle with **option 2**. A few NAWDO members are anxious to correct your comment "using population removes *any* perverse incentive to increase waste arisings" by pointing out that increasing *perceived* waste arisings by co-collecting is an increase that can happen independent of population factors.

Question 5

Is it right to split funds available amongst the three types of waste authority? If so, is an equal split the right basis for allocation of the Performance Reward Grant among the three types of authority?

We are in broad agreement with the government's preference for **option 3**.

Question 6

Do you have any views on the interaction between the Performance Reward Grant and Local Public Service Agreement?

Given the diversity of NAWDO membership we are unable to provide any consensus view on this issue.

Question 7

Is it right to restrict the eligibility of authorities with PFI waste management contracts in this way?

NAWDO can see no reason for excluding authorities with PFI contracts from the Performance Reward Grant Scheme.

Question 8

Is it right to use part of the funds available as pump-priming grants? Is one third of the funds (£30 million) the right proportion? Should all the first year funds (£45 million) be allocated as pump-priming grants in this way?

NAWDO supports the government's preference for **option 2** and agrees with the rationale behind the government's thinking.

Question 9

Is there a need to spread rewards for a particular performance over a number of years to allow time for local authorities to mainstream additional revenue costs? If so does a two year period allow sufficient time for the mainstreaming of revenue costs?

NAWDO can see no reason for complicating the relatively simple process of awarding a grant, and therefore has a preference for **option 2**.

Question 10

Does the detailed design of the Performance Reward Grant set out above including specific proposals for 2005/6 and 2006/7 constitute a fair basis upon which to provide incentives to local authorities to improve their recycling and composting performance? Do the individual criteria strike the right balance between being achievable and challenging?

NAWDO feels very strongly that it is quite wrong for there to be so little reference to landfill diversion and landfill allowance within the detail of the scheme. This is the overarching issue that should be dominating government thinking both at present and for the foreseeable future. Rather than focusing

on this overriding issue, the detail seems to dwell on less important areas of performance employing comparatively disparate criteria for measurement.

GENERAL COMMENT

NAWDO is extremely concerned over the false picture that we feel might be portrayed when dealing in percentages. The false picture that could emerge is that the EU requirement to reduce landfilled BMW to 75% of the 1995 arising will be achieved by a 25% national recycling + composting rate. However, these percentages do not tie into a common denominator and so this is a case of 75% of one thing plus 25% of another not adding up to give 100% of either.

It is within this context that NAWDO feels the government's model for achieving EU landfill diversion needs to be re-examined. NAWDO's view is that the 2010 landfill diversion target is likely to be missed by at least a small margin. However, the greater concern is with the later targets. Even if growth in waste arisings were zero and the combined target for recycling and composting were both doubled and achieved NAWDO's view is that the national landfill diversion target for 2020 would still not be met without EfW. Given the lengthy lead in times to procure such facilities, NAWDO therefore feels that energy from waste should be placed higher in the national strategy hierarchy as to regard it as a "last resort" is no longer feasible. Whilst there are many new technologies being put forward as an alternative to EfW, we trust the government will appreciate that the majority of NAWDO members are cautious to embrace these wholeheartedly, in view of the possible risks of these new technologies not living up to expectations.

NAWDO

30 March 2004
