

REPORT TO: Executive Board

DATE: 18th June 2009

REPORTING OFFICER: Strategic Director Environment

SUBJECT: Pilot Recycling Reward Scheme

WARD(S): Borough-wide

1. PURPOSE OF REPORT

1.1 The purpose of this report is to make recommendations concerning a pilot Recycling Reward Scheme in Halton and to request that relevant procurement standing orders be waived for the delivery of the scheme.

2. RECOMMENDED: That:

2.1 Executive Board approve the delivery of a pilot Recycling Reward Scheme in Halton;

2.2 A further report be presented to Executive Board in March 2010 following a review of the pilot Recycling Reward Scheme;

2.3 Relevant procurement standing orders be waived and RecycleBank be appointed to deliver the Recycling Reward scheme (both in respect of the pilot scheme and in respect of a full scheme in the event that it is rolled out borough-wide);

2.4 Relevant procurement standing orders be waived and AMCS be appointed to provide the necessary hardware and software to capture data for the pilot Recycling Reward scheme; and

2.5 The Strategic Director for Environment be authorised, in consultation with the Executive Board Member for Environment, Leisure and Sport to take all steps necessary to develop and implement the Recycling Reward Scheme in Halton.

3. BACKGROUND

- 3.1 The Borough of Halton has been developing a good recycling record and with the support of local residents it has currently reached a recycling rate of over 25%. The Council would like to support residents to do more and believes that reward incentives are a good way of encouraging residents to achieve higher levels of recycling, reduced levels of waste generation and the diversion of more waste from landfill.
- 3.2 In addition to the environmental benefits, the economic benefits of increased recycling have been highlighted in the Council's Waste Management Strategy and Waste Action Plan.
- 3.3 As has also been highlighted in the Council's Waste Action Plan, Halton has a predicted shortfall in Landfill Allowances from 2009/10. This shortfall, which will continue until 2014 when new waste treatment facilities are due to be in place, will necessitate either the purchasing of landfill permits or finding interim facilities that are available to divert more biodegradable waste from landfill during this period. Either of these two options would result in significant increases in costs. Furthermore, as set out in para 5.4, the cost of disposing of waste continues to rise. Increased levels of recycling and diversion of waste from landfill will therefore reduce the financial burden upon the authority.
- 3.4 The Council has invested significantly to deliver a programme of enhanced kerbside recycling services to meet future targets and keep down the costs of dealing with waste, however, to achieve this will require participation levels to be in excess of those currently being achieved. The Council has operated a monthly prize draw to residents participating in kerbside recycling, but this has had no significant effect to date in encouraging participation. It also previously provided free bags of compost to those participating in green waste collections and this is due to recommence as part of a new Waste Management and Recycling contract. The Council has also been investigating other potential incentive schemes that may help increase participation in recycling.
- 3.5 A communications campaign is currently being delivered throughout Halton, key elements of which include raising awareness of recycling and waste minimisation in Halton to encourage increased participation in the Council's recycling services. This report outlines an innovative approach to increase participation and recycling rates even further and recommends that a Recycling Reward scheme be introduced, where residents would earn reward points for recycling which they are then able to spend at participating national retailers based in Halton and local retailers and businesses. This in turn would bring benefits to local companies and retailers and represents an exciting opportunity to encourage and promote local economic development through the engagement of local businesses and support for charities.

- 3.6 Officers have been in discussion with RecycleBank, a US based company that delivers a recycling reward scheme to over 1 million households in the US. RecycleBank has a proven track record of success, increasing recycling rates in every one of over 100 areas where its recycling incentive and reward scheme has been implemented. RecycleBank is expanding to the United Kingdom and this report proposes that a Recycling Reward scheme be introduced in Halton.
- 3.7 RecycleBank is the only company in the UK known to offer this precise product, and as such the Executive Board are being requested to sanction, both in respect of a pilot scheme and a full borough-wide scheme, that an invitation be given directly to RecycleBank to deliver a Recycling Reward scheme in Halton.
- 3.8 The commitment to proceed arising out of this report is purely in relation to the pilot scheme. There will be no commitment to proceed beyond the pilot until the scheme has been evaluated and a further report will be presented to Members in March 2010. Subject to the completion of a successful pilot, and subsequent approval, it would be proposed that all households within Halton would be given the opportunity to participate in the RecycleBank 'rewards for recycling' scheme within 12 months from end of pilot period, with the aim being to start in the summer of 2010.
- 3.9 It is proposed that the recycling reward scheme would be introduced in 2 phases, commencing with an initial 6 months pilot scheme to approximately 10,000 properties by October 2009. The pilot scheme will be delivered in the following Wards;

Broadheath
Daresbury
Grange
Halton Castle
Halton View
Heath
Hough Green

Elected Members from these wards will be provided with details of the specific areas within their wards that will be included in the pilot scheme should Executive Board grant approval to proceed.

- 3.10 If the implementation of the pilot scheme is approved, Halton could become only the second local authority to introduce this program in the country, and the first in the north of England. This would also reassert Halton's ambition as an innovative authority. The only UK authority to pilot the RecycleBank reward scheme has been the Royal Borough of Windsor and Maidenhead, which commenced on 1st June 2009.

4. SUPPORTING INFORMATION

- 4.1 At the heart of the recycling reward scheme lies a bin identification device that would be fitted to the current blue wheeled bins only. The identification device is assigned to a specific household and, only when activated by the householder, it is dedicated to the weighing of recyclable materials collected from that household. Other than the property address and the weight of recyclable materials collected the identification device records no other information. A scheme to reward those residents who participate in the Council's kerbside recycling services, but do not have blue wheeled bins, will be developed during the pilot period.
- 4.2 This is a voluntary 'opt-in' scheme. Although identification devices would initially be fitted to all 10,000 blue bins in the pilot areas (and to all blue bins if rolled out borough-wide), only those residents who choose to participate would be included in the reward scheme. Only when a householder activates their account will RecycleBank begin to record the weight of recyclable materials associated to their household and give the resident points for recycling. If householders choose not to activate the account, the identification devices will not collect data from those properties. Householders can choose to 'opt-in' or 'opt-out' at any time during the scheme. The black wheeled bin and black sacks are not included in this scheme and weekly general waste collections will continue unchanged.
- 4.3 The blue bins would continue to be collected using the Council's current recycling collection vehicles that would be fitted with an automatic reader connected to on-board weighing equipment. On emptying, the device would be read and the blue bin would be weighed. Weight data of activated households is stored and a corresponding amount of points is calculated from the weight of recycled material collected. These points are then allocated to the specific address and each participating household is set up with a unique Rewards Account. The accumulated 'reward points' are redeemable through an array of local, regional and national outlets, termed 'Reward Partners' or they can be donated to participating charities. The scheme restricts each household to a maximum redeemable weight/points in order to deter abuse of the system, such as the generation of excess weight or contaminating materials entering the recycling stream.
- 4.4 RecycleBank has identified AMCS, a company it has worked with on a number of projects in the US, as their preferred partner to carry out the fitting of on-board weighing equipment and the retro fitting of identification devices for the pilot scheme in Halton. On this basis it is recommended that relevant procurement standing orders be waived and that AMCS be appointed to provide the necessary hardware and software to capture data for the pilot element of the Recycling Reward scheme only. Should the scheme be rolled out borough-wide, further demonstration of value for money will be established before any

recommendation will be made to proceed with AMCS beyond the pilot scheme.

- 4.5 RecycleBank will identify national retailers based in Halton, as well as local reward partners prior to the commencement of the scheme, and will continue to add more reward partners following the introduction of the scheme. It is estimated that residents could be able to earn up to £150 per household per year in rewards value.
- 4.6 The Council and RecycleBank will jointly produce publicity material that will be delivered to all households in the pilot areas. This will be to ensure that residents understand the benefits offered by the scheme, why the Council is introducing the initiative and also to make sure that that they are fully aware that the use of technology enables them to earn rewards for recycling, and that it will not be used at any time to penalise them. Officers from the Council's Communications and Marketing Division will assist with this initiative as they have done with the recent Recycling Communication Campaign.
- 4.7 Average participation with Halton's multi-material kerbside recycling service is 50%. It is expected that the reward scheme could increase participation with this service to above 70%. It is also an aim that levels of recyclable materials collected could be increased by an average of 50-55kg per household per year. If the scheme were to be rolled out to all properties, and with increased participation and materials collected per household, it is anticipated that this could yield in excess of a further 2,000 tonnes of recyclable materials per year, and the overall impact of the reward scheme could add 5% to the Council's recycling performance.
- 4.8 Other potential outcomes of this reward scheme, in summary, are;
 - Diverting additional waste from landfill and extending the Borough's Landfill Allowance compliance.
 - Off-setting increases in landfill tax costs (currently costing £40 per tonne and rising annually at £8 per tonne)
 - Increasing recycling performance (+5%)
 - Complementing the Borough's wider objectives of encouraging sustainable behaviours.
 - Encouraging community-based environmental stewardship.
 - Stimulating the local economy and strengthening business partnerships.
 - Improving the environment.
- 4.9 Public acceptance of identification and weighing technology will be a critical factor to the success of the scheme. As has been highlighted in paras 4.1 and 4.2, the scheme is only being used for recycling waste so it is not a 'pay as you throw' scheme which the Government has proposed in the past.

4.10 Recognising potential concerns by residents about their privacy, and to reassure them of the purpose of this reward scheme, mitigation measures have been agreed with Recyclebank which include;

- An information agreement.
- Privacy statement policy.
- Data access and retention guarantees.

As has been highlighted earlier, households will ultimately control whether they participate or cease participating, in the scheme. This will be the ultimate safeguard for any privacy concerns.

5. FINANCIAL IMPLICATIONS

5.1 Members are asked to note that the full implementation of the recycling reward scheme would represent an 'invest to save' as there are costs to the Council in 2009/10 and 2010/11, with the financial benefits being realised from 2011/12 and beyond. The financial implications of the pilot scheme, and indicative costs of the roll out beyond the pilot, are set out below.

5.2 The cost for the operation of the pilot scheme would be £63,700. This is made up of the costs for RecycleBank to manage and administer the reward scheme, the costs to install and maintain the onboard weighing equipment and software to two of the Council's waste collection vehicles and the costs of retro fitting identification devices to bins in the pilot areas.

5.3 Subject to a successful pilot and the subsequent approval to roll out the scheme borough-wide, costs in 2010/11 would be as follows;

5.3.1 The cost to install identification devices to the remaining blue wheeled bins is estimated to be £89,600 and the annual costs of maintaining the onboard weighing equipment is £11,400. (Savings as detailed in para 5.5 will offset a proportion of the Council's costs).

5.3.2 An annual payment would be made to RecycleBank that would be based upon an agreed percentage of the savings made by the Council through the avoidance of waste disposal costs. This payment mechanism has not yet been finalised but will be contained in the report to be presented to Executive Board in March 2010.

5.4 The current cost of processing recyclable materials is approximately £10 per tonne lower than the cost of disposal. Increases in Landfill tax will see this saving increase annually, rising by £8 per year to an estimated £18 in 2010/11 and reaching £42 by 2013/14. Furthermore, the financial expenditure required to meet landfill diversion targets, either through alternative treatment methods (that are more costly than

disposal) or the purchasing of landfill allowance permits, could increase the potential saving by a further £20 to £40 per tonne.

5.5 Based upon forecasted additional recycling and waste diversion levels as detailed in para 4.7, potential exists for savings of between;

- £62K - £88k in 2010/11
- £78k - £104k in 2011/12
- £94k - £120k in 2012/13
- £110k - £136k in 2013/14

5.6 The cost of delivering the pilot scheme will be met from within existing waste management budgets and the report presented to Executive Board Members in March 2010 will contain further information on the financial implications of delivering the scheme borough-wide.

6. POLICY IMPLICATIONS

6.1 This scheme accords with the objectives of the Council's Waste Management Strategy and Waste Action Plan, and as such, there are no policy implications as a result of this report.

7. OTHER IMPLICATIONS

7.1 There are no other implications arising from this report.

8. IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children and Young People in Halton

No direct impact

8.2 Employment, Learning and Skills in Halton

No direct impact

8.3 A Healthy Halton

No direct impact

8.4 A Safer Halton

No direct impact

8.5 Halton's Urban Renewal

This scheme will encourage and promote local economic development through the engagement of businesses within the reward scheme.

9.0 RISK ANALYSIS

- 9.1 A potential risk associated with this scheme is the privacy concerns of some residents. However, as set out in paras 4.2, 4.9 and 4.10, no personal information is held on the identification device and only those householders who choose to 'opt-in' to the scheme will have a personal reward account created. Agreements on privacy should also mitigate any such concerns.
- 9.2 There is a financial risk that should the pilot be unsuccessful, there will be a lack of return on the Council's investment. However, the long-term savings to the Council outweigh this risk. The most significant 'driver' for the Council is the need to increase levels of recycling and diversion of waste from landfill to reduce future costs of waste disposal and to avoid penalties for failing to meet landfill allowance targets.

10.0 EQUALITY AND DIVERSITY ISSUES

- 10.1 It is noted in paragraph 4.1 that during the pilot period detailed consideration will be given to providing a reward scheme to those areas that are not able to benefit from a blue wheeled bins to ensure that the advantages of the reward scheme will be shared equally across the borough. As it is intended to extend the scheme borough-wide, all communities will have the opportunity to benefit from the scheme.

11.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 11.1 There are no background papers within the meaning of the Act.