



Report to: South London Waste Partnership (SLWP)
Joint Waste Committee

Date: June 2019

Report of: SLWP Management Group

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Report title:
Risk Report
Summary: This report summarises key risk areas which are facing the partnership boroughs in relation to the waste disposal functions of the Joint Waste Committee.
Recommendations: Joint Waste Committee is asked to note the contents of this report.
Background Documents: Confidential risk register is held by the Strategic Partnership Manager, Annie Baker.

1. BACKGROUND

- 1.1.** This report summarises key risk areas for the waste management contracts overseen by the Joint Waste Committee, based on the South London Waste Partnership team's risk register; this report summarises the key risks that should be noted at committee level. The full risk register is considered at the SLWP's Management Group and Strategic Steering Group.

2. KEY RISK AREAS

- 2.1.** Areas have been included in this report where they are considered strategically important, for example because they are high scoring in terms of impact and/or likelihood, or have changed significantly in score.

2.2. Recycling materials market changes

This area continues to present a significant risk. Following significant changes to global recycling material markets over the last 18 months (for example China's changed import requirements), the value of some recycling materials has decreased significantly. As reported at previous Joint Waste Committee meetings, this has some impact on borough budgets (as some of our material has the potential to generate income depending on the recycling's sale value) and also has an impact on our contractors as recycling income is built into the financial models of several of our waste management contracts. This continues to present a risk and the impact of a worsening level of income for recycling will continue to be managed through budget and contract management processes.

As a consequence of the market changes, reproprocessors remain increasingly strict on the level of contamination they will accept in the recycling material. Material which is too contaminated requires further sorting if any of the material is to be recycled. Extra sorting increases the reprocessing costs for recycling and so some impact on budgets continues to expected, as above.

Action currently undertaken to protect the quality of our recycling:

- An increasingly harmonised approach to recycling across the SLWP area means that messages about what to recycle can be simple and effective across our whole region. All boroughs now follow broadly the same recycling regime.
- Material which doesn't meet the contamination thresholds is being sent to specialist sorting facilities where the recyclable material is extracted.
- The poorest quality material we collect typically comes from communal collection containers where it is difficult to identify who might be putting the wrong material in the wrong bin, which can make communications work hard to target; we're working with organisations and networks to look at what we can learn from others and what good practice we can share in this area.

- The communal containers are typically collected on separate collection rounds which protects all the other recycling material we collect from unnecessary contamination.
- We're closely monitoring the quality of the materials being collected for recycling and the processes being followed to manage contamination.

Further planned activity to reduce contamination:

- We're looking at how we can best use and target our communications activities to further reduce contamination. This will form a part of our next communications plan.
- The "Destination Recycling" films, described in the communications report to this Committee, will highlight the importance of sorting materials into the correct containers.

2.3. Impact of recycling value changes on our contracts

Financial issues within contracts can have significant impacts on contract performance, likelihood of contract disputes and ultimately contracts cannot operate unless they are financially sustainable. Pressures such as the current global recycling market must be carefully considered when we formulate our approach to procurement of contracts and services. The changes and unpredictability of the recycling markets, which affects all our contracts, mean that this remains as a key focus for us at the present time.

2.4. Defra strategy consultation

As reported to the last committee meeting, Defra recently ran a consultation (which closed in May 2019 and followed the publication of their Resources and Waste Strategy) on the following matters:

- Reforming the packaging producer responsibility regulations in the UK
- Introducing a deposit return scheme for drinks containers in England, Northern Ireland and Wales
- Measures to accelerate consistency in recycling for both households and businesses in England

In addition, the Treasury has run a consultation on a plastic packaging tax.

The SLWP team and the boroughs considered the proposals set out by Defra and participated in the consultation and will continue to manage any risks that the proposals might present to the boroughs and the partnership.

2.5. Brexit

At the time of writing this report, a 'no deal' Brexit scenario remains a possibility. Analysis of the potential impact of Brexit has been undertaken

with our contractors and continues to be monitored. Potential impacts, including those relating to the workforce, recycling markets and supply of consumables, have been considered. We do not expect any type of Brexit to prevent us from being able to safely dispose of our residual waste because of the waste disposal arrangements we have within the partnership's own area. Recycling markets and exports could be impacted by Brexit and in particular any scenario where transport movement through UK ports are affected.

3. RECOMMENDATIONS

- 3.1.** It is recommended that the Joint Waste Committee note the contents of this report.

4. IMPACTS AND IMPLICATIONS

4.1. Legal

There are no legal considerations arising directly from the recommendation in this report

4.2. Finance

There are no financial considerations arising directly from the recommendation in this report