

Summary paper of the outline Priorities Plan for the London Waste and Recycling Board

Context

In accordance with the Order (article 15), the London Waste and Recycling Board (the 'Board') must prepare a document by 31 March each year during the life of the London Waste and Recycling Fund (the 'Fund'). The document must include the Board's priorities and set out the Board's strategy for disbursing the Fund over the following twelve month period.

Purpose

This paper summarises a presentation given by the Board's Policy Committee to the second official meeting of the Board (11 December 2008) and sets out the mechanism the Board will adopt in the identification of its central priorities and delivery approach for the life of the Fund.

Based on the approvals given by the Board on the 11 December 2008 the Board will develop its 2009/10 Priorities Plan, under article 15 of the Order, for sign off by the Board on 12 February 2009.

1: Proposed Approach to the Challenge

In line with the themes developed and agreed at the Board's awayday, it is proposed that the Board should adopt a commercial approach, that is, the challenge of tackling London's discarded resources should be seen as a business opportunity, and the monies at the Board's disposal should be seen as the investment funds.

The Board agreed to achieve its objectives through the following initiatives and proposed approaches:

- Waste generated in London should be viewed as a resource asset to be 'mined', not a liability to be disposed of and destroyed.
- The adoption of a commercial outlook focused on end market demands that will seek to identify resource materials to match that demand requirement.
- Move away from the classic definition and segmentation of London's waste arisings of municipal, commercial and industrial (C&I) and construction and demolition (C&D) to focus on priority resource material streams arising across the *total* waste in London

In keeping with these key themes, the Board will effectively have two operating divisions:

- a) focused on the end user (Manufacturer and/or Producer)
- b) focused on the energy end user as the market demands.

Against this backdrop, the Board would look to:

- a) Create products from resource supply chains to satisfy manufacturer or producer end use requirements; or
- b) Use the embedded calorific value to displace fossil carbon.

1.1: Priority resource material streams

To date the Board has identified the following priority resource material streams arising across London's total discarded resources:

- Food
- Wood
- Mixed plastic

- Metal
- Textiles
- Paper & board

The key determinants for these priority resource material streams are:

- Economic cost
- Tonnage
- *Embedded 'output' energy value*
- *CO2 avoidance and climate change mitigation*

1.2: Outline priority plan and options

The Board will:

- Not fund projects which will happen anyway;
- Require that funded projects and/or programmes must have a compelling business and investment case that deliver tangible outputs and/or outcomes that:
 - a) Demonstrate evidence of collaborative working across boundaries;
 - b) Develop solutions predicated on positive environmental impacts.
- Consider a range of potentially flexible commercial funding solutions, to include
 - a) equity;
 - b) debt; or
 - c) guarantee support, or
 - d) grants by exception only.
- Engage in proactive relationships with its 'customer base'. This includes;
 - Facilitating partnerships;
 - Breaking down market barriers;
 - Programme management
 - Potential help and assistance building supply chains;
 - Potential help and assistance with putting projects together;
 - Potential help and assistance in overcoming procurement barriers.

1.3: Measurement of tangible outcomes

The Board will adopt a set of tangible outcomes, predicated on the following measures:

- Economic value (Disposal savings) or economic uplift (Jobs, regeneration) or both;
- Tonnage diverted from landfill;
- Increased reuse and recycling;
- Private sector leverage in of capital assets;
- Exemplar projects (Product and Energy);
- Technology evolution; and
- Climate Change mitigation.

1.4: Outline funding profile

In developing the Priorities Plan the Board considered the weighting of its Fund in respect of the priority resource material streams and the intervention opportunities identified.

The Board agreed the adoption of an approach that gives rise to both quick wins and a clearly identifiable legacy that will have a long term beneficial impact for London.

The Board agreed the following apportionment, in terms of emphasis (not quantum) of the Fund:

Intervention	Target Market	Potential Actions	Impact on Tonnage	Impact on Energy / Climate Change	Total Impact	Indicative Funding Priorities
Minimisation	<ul style="list-style-type: none"> • Consumers and waste producers 	<ul style="list-style-type: none"> • Campaigns • Advice • Producer Responsibility & Smart production 	Low	High due to avoided energy impact	Low	£
Reuse	<ul style="list-style-type: none"> • Consumers • Business 	<ul style="list-style-type: none"> • Campaigns • Infrastructure and capacity building • Building confidence • Reuse standard • Government procurement 	Low to Medium difficult to measure	High due to avoided energy impact	Medium	££
Recycling	<ul style="list-style-type: none"> • Product and Commodity users 	<ul style="list-style-type: none"> • Campaigns (£1.5m R for L) • Breaking down market barriers • Market development & demand • Infrastructure and capacity building • Government procurement 	Medium to High	Medium	High	£££
Energy	<ul style="list-style-type: none"> • Energy producers and users 	<ul style="list-style-type: none"> • Energy supply risk mitigation • Decentralised energy • Technology evolution • Infrastructure and capacity 	High	Material and Technology specific –Medium to High	High	£££

2: Stakeholder Benefits

The benefits of the outline priorities plan to the Borough and the Business community are outlined below:

London Local Authorities:

- Long term legacy benefits as opposed to short term support.
- Diversified and credible outlet choices.
- Lower financial costs (direct and indirect) through avoided landfill tax and gate fees.
- Resilience to future market shocks and market prices.
- Active participation in projects plus financial upside through public/private sector involvement.
- Assists with regulatory compliance (e.g. LATS, LAAs).
- Reduction in carbon footprint (NI 85 & 86).
- Creating positive public perception in response to public demand.
- Local economic development and new jobs.

Business Community

- Market stability for price, supply and costs leading to lower financial costs leading to potential uplift in bottom line.
- Shared Risk exposure.
- Business planning certainty creating an investment opportunity.
- Energy security.
- Simplified logistics leading to less administration.
- Closed loop supply chains providing security.
- Mitigates regulatory impacts (i.e. landfill tax, CRC, packaging).
- Enhanced corporate social responsibility.

Benefits to Londoners

- London leadership.
- Value uplift in London's environmental economy.
- Job creation.
- Market led convenience to increase re-use and recycling.
- Shared participation and benefits.
- Increased confidence in local authorities and community leadership.

3: Next Steps

The Board will be presented with the 2009/10 Priorities Plan for approval at the meeting on February 12. This will have developed the themes above further, provide more details of the Fund distribution strategy and mechanism, proposals for stakeholder engagement and the longer term structure that the Board will have to develop to support these activities.