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| REPORT TO EXECUTIVE | | | |
| PORTFOLIO AREA: INFRASTRUCTURE, ENVIRONMENT AND TRANSPORT | | | |
| Date of Meeting: | 15th April 2002 | | |
| Public | | | |
| Key Decision: | Yes | Recorded in Forward Plan: | Yes |
| Inside Policy Framework | | | |

Title: ADDITIONAL RESOURCES FOR RECYCLING

Report of: DIRECTOR OF ENVIRONMENT AND DEVELOPMENT

Report reference: EN 049/02

Summary:

This report provides an update on the Government's bidding process for additional recycling funding. In view of the timescale, potential projects are currently being evaluated.

Recommendations:

The Director of Environment and Development and portfolio holder (Infrastructure, Environment and Transport) explore potential projects to submit for funding and report back to Council on 30th April should a viable and effective scheme be identified.

Contact Officer: Michael Battersby

Ext: 7400

1. BACKGROUND INFORMATION AND OPTIONS

1. The Executive received a report on 28th January 2002 (EN 07/02) outlining the portfolio holder's response to a DEFRA Consultation document regarding the basis of allocating a £140M waste minimisation fund. The Council received documentation from DEFRA on 2nd April outlining the basis of the scheme having taken the feedback of the consultation into account.
2. The fund comprises £140M for capital allocations, £50M of which is available in 2002/3 and £90m for 2003/4. The application guidance is included as Appendix A. It will be noted that applications for 2002/3 need to be submitted by 30th April 2002 for the first round.
3. In view of the timescale it has not been possible to produce detailed proposals for any bid to this meeting. A number of potential opportunities exist linked to the existing pilot kerbside recycling scheme with Carlisle Environmental Action and Eden District Council and to contribute to the key option within the emerging Cumbria Waste Management Strategy. These options and their implications will be examined in detail in conjunction with the portfolio holder and representatives of the relevant organisations. Should the Council be in a position to submit a bid directly or as a partner, then details will be presented to the Council meeting on 30th April 2002.

2.0 CONSULTATION

1. Consultation to Date. Preliminary discussions with Eden D.C.
2. Consultation proposed: with all relevant partners.

3.0 STAFFING/RESOURCES COMMENTS

1. Any bid could be completed from within existing staffing resources. The level of any Council funding contribution to an initiative will need to be assessed, although £20,000 was allocated in the budget for 2002/3 for recycling initiatives.

4. CITY TREASURER'S COMMENTS

4.1 The City Treasurer will comment on the more detailed proposals to follow.

5.0 LEGAL COMMENTS

Not applicable.

6.0 CORPORATE COMMENTS

Not applicable.

7.0 RISK MANAGEMENT ASSESSMENT

7.1 The timescale for preparing a bid in round 1 (2002/3) is extremely short and the resources allocated to preparing a bid may be abortive if it is unsuccessful. Similarly, the ability to submit a bid may be dependent upon the capacity of partner organisations.

Should a bid be made then any capital/revenue funding implications for the Council together with any ongoing operational commitments will need to be fully evaluated.

8.0 EQUALITY ISSUES

Not applicable.

9.0 ENVIRONMENTAL IMPLICATIONS

1. The additional funding made available provides the opportunity to introduce measures to enable the Council to achieve national waste minimisation targets.

10. CRIME AND DISORDER IMPLICATIONS

10.1 Not applicable.

11. RECOMMENDATIONS

11.1 The Director of Environment and Development and portfolio holder (Infrastructure, Environment and Transport) explore potential projects to submit for funding and report back to Council on 30th April should a viable and effective scheme be identified.

12. REASONS FOR RECOMMENDATIONS

See above.

DEFRA

Department for
**Environment,
Food & Rural Affairs**

**£140 MILLION WASTE MINIMISATION AND
RECYCLING FUND IN ENGLAND.
GUIDELINES FOR APPLICANTS**

March 2002

Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London SW1P 3JR
Telephone 020 7238 6000
Internet address www.defra.gov.uk

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Further copies of this document are available from:

£140 Million Fund Consultation
Waste Strategy Division
Department for Environment, Food and Rural Affairs
7/D11 Ashdown House
123 Victoria Street
London SW1E 6DE

This document is also available on the DEFRA website: www.defra.gov.uk/environment/waste/wastefund/index.htm

Published by the Department for Environment, Food and Rural Affairs. Printed in the UK,
March 2002 on material containing 100% post-consumer waste.

ANNEX 2

£140 million Waste Minimisation and Recycling Fund Application Guidance for Authorities

Approach to funding

1. In response to the November 2001 consultation, Ministers have now decided that the £140 million waste minimisation and recycling fund ("the Fund") in England is to be distributed by a selective method for both years of the Fund (2002-03 and 2003-04). This application guidance sets out what must be included in applications and how they will be considered.
2. Of the £140 million Fund, £50 million will be available for projects in 2002-03, (£25 million each for authorities' capital and resource expenditure), and £90 million will be available for projects in 2003-04 (£50 million for capital and £40 million for resource expenditure). We are not in a position to revisit these decisions.
3. Ministers have decided that £21.3 million of the £140 million will be available for projects in London:
 - (a) £7.6 million of the £50 million available for 2002-03 will be available for projects in London, of which £3.8 million will be for authorities' capital expenditure and £3.8 million for resource expenditure;
 - (b) £13.7 million of the £90 million available for 2003-04 will be available for projects in London, of which £7.61 million will be for capital expenditure and £6.09 million for resource expenditure.
4. These totals are derived from a formula based on the number of households in London in 2000.
5. There will be two bidding rounds.
 - (a) Applications for funding for projects to be started or carried out in 2002-03 must be submitted in response to this bidding guidance by 30 April 2002.
 - (b) For projects to be started in 2003-04, or for continued funding for 2003-04 for projects commenced in 2002-03, applications for funding must be submitted in response to this bidding guidance by 1 September 2002.

A more detailed timetable is set out below.

6. All local authorities with waste management responsibilities can submit bids.
7. Bids by authorities outside London must be sent to:

Waste Minimisation and Recycling Fund Applications
Department for Environment, Food and Rural Affairs
Waste Strategy Division
Ashdown House
Zone 7D/13
123 Victoria Street
London
SW1E 6DE

8. For advice please call Karl Nsiah on 0207 944 6408 or Peter Toombs on 0207 944 2511.
9. Bids by authorities in London must be sent to the Joint Implementation Team at:

London Waste Action
1 Hobhouse Court
Suffolk Street
London
SW1Y 4HH

10. The Joint Implementation Team will be responsible for assessing and awarding grants to local authorities in London. The team will issue separate guidelines for London authorities. These can also be obtained from the above address. Alternatively you can contact Suna Stoddard at LWA on 020 7665 1443. The LWA website address is: www.londonwasteaction.org

The rest of this guidance applies solely to local authorities elsewhere England.

11. Funds will be allocated on a single year basis with no commitment to continued funding in 2003-04 for projects that receive funding in 2002-03. This will mean that local authorities that do not apply for funding in 2002-03 will not be disadvantaged in respect of 2003-04 funding. Equally it means that there can be no presumption of 2003-04 funding where funding is approved for 2002-03.
12. Recommendations will be made to Ministers as to which applications should be accepted for funding by an expert panel likely to include waste industry experts, DEFRA representatives, community recycling experts.
13. Final decisions as to which projects will be funded, and how much will be paid, will be taken by Ministers. Decision letters for funding for 2002-03 should be sent out at the end of May 2002.
14. We do not require matched funding from local authorities, however, projects funded by the £140 million are intended to be in addition to any other expenditure of authorities on waste management and recycling.
15. The amount of grant payable to an authority for a project approved for funding will be calculated as the lower of:
 - (a) 100% of the authority's actual expenditure incurred on the project in the year for which the project is approved; and
 - (b) 100% of the approved project costs notified to the authority by for the year for which the project is approved. Authorities should note that Ministers may not approve for funding the whole of the estimated costs of the project set out in an authority's application, if they are of the opinion that funding 100% of the authority's estimated costs would not represent good value for money (e.g. in terms of additional recycling resulting from each £ spent on the project). In those cases, authorities will be informed of the basis of approval of only part of their estimated costs.

16. It is envisaged that an initial payment of grant (on account) will be made to enable projects to start up. Authorities should note that it is unlikely that funds will be released to successful applicants for 2002-03 projects before early August 2002. This is due to the legal requirements of a grant scheme. Thereafter payments will be made in arrears in response to grant claim forms submitted by authorities detailing expenditure incurred on the projects. Grant claims will be subject to audit by authorities' external auditors. Any grant paid which was not used for the purposes of the approved projects (whether not needed due to underspends, or wrongly used for other purposes) will be repayable to DEFRA on demand: grant may only be used for approved projects.
17. Authorities awarded funding will also be required to submit progress reports on approved projects. It is vital to future funding that we are able to demonstrate what the Fund's resources have achieved. The various projects that are supported by the Fund should also identify a number of approaches (successful or otherwise) from which other authorities can learn. Guidance about the content and frequency of progress reports will be released to successful applicants after the bidding process.

Nature of projects funded - priorities

18. The priorities for the Fund will be as follows:

- Partnership working
- High performance innovation and best practice
- Turning around low performance
- Developing community initiatives
- General projects (i.e. projects which do not fall under one or more of the above headings)

Indicative amounts of money available for each category of project for authorities outside London

| Project category | Total Indicative allocation | For 2002 - 2003 | For 2003 - 2004 | Indicative No of projects outside London |
|--|-----------------------------|-----------------|-----------------|--|
| Partnership working between authorities | £25.25m | £4.25m | £21m | 6 – 8+ |
| High performance, Innovation & Best Practice | £17m | £6m | £11m | 12+ |
| Helping turn-around low performance | £42.5m | £25.5m | £17m | 50+ |
| Developing community initiatives | £4.2m | £2.4m | £1.8m | 70+ |
| General projects | £29.75m | £4.25m | £25.5m | 40+ |

19. The priority for the Fund is recycling and composting. In many cases, waste minimisation, reuse and recycling initiatives can be and should be tackled together – for example, publicity and education projects might sensibly address these issues together. It is not, however a prerequisite that applications should address waste minimisation issues.

Multiple applications

20. Due to the limited funds and the large amount of applications expected, local authorities should submit no more than two bids each.

Size of bids

21. Due to the large number of applications expected, applicants will need to be realistic about the size of bids. The indicative total numbers of projects to be funded in the table above should be used as a rough indication on the size of bids.
22. Bids over a threshold of £3.5m will be considered but such bids would need very robust supporting arguments.

Local Public Service Agreements

23. Applications from local authorities with local public service agreements ("LPSAs") in particular waste LPSAs, will not be treated any differently from non-LPSA authorities, with one exception. Where a LPSA authority was paid the LPSA pump-priming grant towards expenditure connected with waste, we would ensure that the Fund did not duplicate this grant support.

Pooling

24. The principle of pooling of statutory recycling standards has been agreed as set out in the consultation paper. A formal framework will be required to take pooling forward and this will not be achieved before the deadline for applications in the 2002-03 or 2003-04 bidding round.

Information to be included in all applications

25. Applications should be succinct. All supporting documents should be attached, flagged up in the main application document and clearly labelled. All applications for approval of projects for funding (whether for 2002-03 or for 2003-04, whatever category the project falls into) must state:
- (a) the name of the authority applying;
 - (b) a contact name and telephone number;
 - (c) the category or categories into which project falls (from the list in paragraph 18 above) - see below for further details;
 - (d) the authority's current resource and capital expenditure (for 2002-03) on waste management, and in particular recycling and composting;
 - (e) whether the authority is receiving funding from any other source for waste minimisation and/or recycling and composting projects e.g. the landfill tax credit scheme, and if so, how much and for what projects;
 - (f) details of the authority's current recycling performance and relevant local targets;
 - (g) the nature of the proposed project and waste streams tackled;

- (h) outputs and outcomes expected for the proposed project (including the recycling gain and contribution to achieving the statutory performance standards);
- (i) the total estimated costs of the project and a breakdown of that estimate;
- (j) the split of estimated project expenditure between resource expenditure and capital expenditure. (The split between an individual authority's project's capital and resource expenditure need not be the same as the split in the overall funding available in 2002-03 and 2003-04 for capital and resource expenditure. For example a project requiring resource of £500k and capital of £2m or vice versa would be acceptable);
- (k) details of any relevant local consultation (attach relevant documents to application);
- (l) a project timetable, indicating in particular whether projects for which 2002-03 funding is sought will be completed in 2002-03 or 2003-04;
- (m) whether the project could not be started without an initial payment on account (and if so, the size of such an initial payment);
- (n) whether the authority has a local PSA, and if so, whether it has waste targets in the local PSA and whether it is being paid pump-priming grant towards expenditure connected with waste;
- (o) how the project links with the authority's strategic approach to waste management, including relevant cross-references (see paragraphs 26 to 28 below). Relevant pages in any supporting strategy document should be clearly flagged.

A strategic approach

- 26. Under the approach set out in *Waste Strategy 2000* and the subsequent guidance issued by Government in March 2001, all local authorities have been encouraged to create Municipal Waste Management Strategies. In addition, many local authorities will have undertaken Best Value reviews of waste management services prior to, or in conjunction with, drafting their Waste Management Strategy.
- 27. All applications should be supported by a strategic view of how waste management services should be delivered. A Municipal Waste Management Strategy would serve this purpose. Other documents such as Waste Local Plans and Best Value Plans can be attached instead, however the supporting document (paragraph 28 below) will need to be more substantial.
- 28. Local authorities should explain in a supporting document how their proposals fit into their longer-term strategy making relevant cross references and attaching flags where necessary.

Quality of strategic documents

- 29. We are aware that for some authorities there is still some further work to do before a comprehensive waste management strategy is in place. We will not prejudice applications from such authorities, however we would want a more detailed supporting document
- 30. The supporting document should:

- Attach the relevant sections of the draft strategic document.
- Explain why the strategic document is in draft form.
- Explain clearly the buy in at senior officer level to proposals in the draft strategic document
- Explain explicitly the link between the draft strategy and the bid for funding
- Set out clearly the link to any other strategic documents or plans e.g. Waste Local Plan, Recycling Plan or Best Value Performance Plan.

31. The use of relevant cross sections and tags will enable quick and efficient analysis of bids.

Waste minimisation, re-use and recycling

32. Applications that do not address waste minimisation will need to include a short paragraph explaining why waste minimisation is not appropriate in this instance.

Funding for both years

33. There is no reason why applications should relate to projects to be carried out over a 2-year period. However funds will be allocated on a single year basis with no commitment to projects that receive funding in 2002-03 to continued funding in 2003-04.

34. For projects to be started in 2002-03, but continuing into 2003-04, in supporting applications for funding, we shall need to understand how any future cost commitment will be met (if funding is not approved for 2003-04).

35. Applicants for funding for 2003-04 will need to highlight whether bids are for new or continuing projects and also whether or not funding has been obtained in the first year.

36. Authorities should note that if the expenditure incurred by an authority on a project approved for funding for 2002-03 is less than the approved project costs for that year, the authority will only receive grant equal to its actual expenditure incurred in that year. Any excess of approved project costs over actual expenditure cannot be carried forward as grant for 2003-04. If the expenditure incurred by an authority on a project approved for funding in 2002-03 is more than the approved project costs for that year, grant will equal the latter.

Type of Project

37. We envisage that applicants will make bids for funding for projects coming into the specific categories set out in paragraph 18 above. Applications should explain into which category the proposed project falls.

38. We are aware that some projects are unlikely to fit neatly into any one category. This would not disadvantage applications or have any bearing on the success of a bid. Where a proposed project comes under more than one heading set out above, the

application should explain this clearly. However the themes of a project should not conflict. For example, a project for a single authority cannot have a turning around low performance theme and also innovation and high performance theme.

39. The remainder of this application guidance concerns specific requirements for applications relating to the different categories of project.

Partnership working

40. Partnership working will be supported by the fund. This can involve partnerships between waste collection and disposal authorities, or across collection or disposal authority geographical boundaries.
41. Applications for grant for a partnership-working project must include a list of all the parties involved, and state the current recycling performance of each. Applicants must include their application, documented evidence that confirms the agreement of all members to the partnership proposal.
42. Partnerships must designate a single local authority to act as the banker for the partnership, and which must submit the application. This authority will be accountable to DEFRA for the use of the grant paid for the partnership project.

Criteria for assessing bids for funding for partnership projects

43. The criteria that we will apply to selecting projects under this heading would be primarily concerned with the weight of material or of a particular type of material that might be recycled under the proposals and the efficiency with which this might be done.
44. We would also take into account of the fact that projects may need to tackle the current absence of facilities in an area for general recycling or for particular materials.
45. We are keen to see projects that include lower performing authorities and that demonstrated the potential for high and low performing authorities to mutually benefit.

Innovation and helping achieve high performance

46. For the purposes of this exercise we will define high performers as local authorities with recycling rates over 22% or more in 1999 – 2000.
47. We are particularly keen to support innovative or ground-breaking projects likely to lead to a total recycling performance in excess of 30%, that tackle recycling among more difficult waste streams and that tackle recycling in areas/ types of housing that are traditionally difficult to target. Proposals that seek to improve the cost effectiveness of recycling where this is necessary to ensure sustainability of approach would be especially welcome.

48. In addition, innovative projects that for example, tackle difficult waste streams and difficult housing, but that do not necessarily lead to high performance but rather best practice will also be supported.
49. The different challenges that relatively high performing authorities face suggests different criteria need to be applied in assessing applications under this heading than others. The criteria will include recycling targets that the project seeks to achieve – partially in terms of the stretch from current performance, but mainly in terms of the total recycling rate.
50. Authorities applying for grant for projects falling under this heading must therefore include in their application, details of:
 - (a) the high performance rate that will be achieved;
 - (b) details of any innovative element in the project;
 - (c) details of any new waste stream to be tackled;
 - (d) details of any difficult waste stream to be tackled;
 - (e) the contribution the project will make to the cost effectiveness of recycling.

Helping turn around low performance

51. For the purposes of this exercise, we will define low performers as local authorities with a recycling rate of 10% or less in 1999 – 2000.
52. We do not wish to intrude unfairly on local authority matters, however low performing authorities will need to satisfy additional application conditions. Local authorities that fall into this category, will need to include in their application:
 - (a) the reasons for their low recycling performance;
 - (b) the systems in place to ensure that the money from this Fund will be used in an efficient and accountable manner;
 - (c) agreed project milestones for the period of funding;
 - (d) a plan addressing the infrastructure to be developed, and operational and training issues that would be needed to deliver improvements in recycling performance.
53. Applications could be usefully supported by evidence that the authority at senior or political levels:
 - (a) recognises that there is little prospect of meeting standards under current plans;
 - (b) is willing to make special efforts to meet standards under current plans, including a willingness (if necessary) to explore contributions that the community sector and/or private sector might provide;
 - (c) agree to a project board being established to monitor progress against milestones should DEFRA think it necessary.
54. Subject to the above, and depending on the size of the grant requested, a project board may need to be established. A project board will comprise of a representative from the authority and DEFRA. A local resident/business person would be invited to join the board and representatives/nominees would also be sought from the LGA / IDEA, Audit Commission, the waste industry and community sector.

55. The project board would subsequently monitor progress against identified milestones and recommend to the Department when funds from within the initial allocation should be released to the authority.
56. If DEFRA decide that a particular application will be accepted on the condition that a project board is formed, a written explanation will be given following consultation with the Expert Panel.
57. The key criteria that we will use in determining project approval under this heading are:
- Current performance;
 - Progress (or otherwise) towards meeting standards;
 - The amount of waste in the authorities area;
 - The estimated cost of improving performance in line with standards;
 - Clear evidence that the authority themselves at senior levels recognise that there is little prospect of meeting standards and a willingness to make special efforts to do so;
 - Evidence of intent or a plan to fully explore contributions that the community sector and the private sector might provide.

Developing community initiatives

58. Local authorities are not eligible to apply for New Opportunities Fund money, although many authorities will clearly wish to support projects funded in this way because of the potential contribution to their performance standards and because of the general benefit to the local community that can be secured by such funding. They can do so by:
- setting out the sort of schemes they are looking to support in their Municipal Waste Management Strategies;
 - providing matching funding to bids;
 - helping their community groups to work up bids;
 - providing the capacity to bidders that need it to ensure the projects are delivered.
59. We propose that some of the money provided under this Fund should be focused on providing a short-term (2 year) initiative to help build a greater local community sector involvement. This is both as a means for improving recycling and as a means of complementing other local initiatives to tackle neighbourhood renewal.
60. We do not want to overly prescribe what type of projects might be supported by the £140 million under this heading. Projects might, in our view, include funding new local authority resources to help build community sector capacity at a local level. This could, for example, include undertaking or funding consultancy work to develop business plans for community sector groups, and promotion & publicity initiatives aimed at increasing the participation of local people in existing recycling systems.

61. We envisage supporting 70 or so projects. We will not rule out other areas, but we are keen to support projects in those areas that are the focus of neighbourhood renewal plans. In addition to this, the criteria we propose to adopt would include the:
- extent of existing community sector activity on environmental matters in its area
 - prospects for future development of this capacity
 - contribution to recycling that the community sector is expected to make;
 - other plans that the local authority has to boost recycling.
62. Authorities applying for funding out of the £140 million for projects in this category should therefore include in their application details of:
- (a) the extent of existing community sector activity on environmental matters in the authority's area;
 - (b) the prospects for future development of this capacity;
 - (c) the authority's intended approach to working with the community sector;
 - (d) the contribution to recycling that the community sector is expected to make;
 - (e) other plans that the local authority has to boost recycling;
 - (f) any link with Local Strategic Partnership work;
 - (g) how this funding (out of the £140 million) would link with other neighbourhood renewal funding.

General Projects

63. Many local authorities are neither 'high' nor 'low' performing authorities in recycling terms. It is open to such authorities to bid as a part of partnership projects. However, there may also be worthwhile local projects that require some additional funding. We therefore propose an initial allocation of around £29.75m to general projects, with around £4.25m of this allocated for 2002-03 and around £25.5m for 2003-04. We expect this funding to support around 40 projects in total. We do not expect general projects to account for a high proportion of the overall funding.
64. We would wish to support a variety of projects in different parts of the country, in rural as well as more urban areas. As with projects that seek to achieve high performance we would be pleased to see projects that tackle recycling among more difficult waste streams and in areas/ types of housing that are traditionally difficult to target in recycling schemes. Proposals that seek to improve the cost effectiveness of recycling where this is necessary to ensure sustainability of approach would be especially welcome.
65. We do not wish to overly limit the proposals that are brought forward under this heading. Clearly proposals will need to be consistent with the statutory performance standards. Otherwise the key criteria for choosing between projects in this category would be the amount of recycling that the proposal will deliver per pound, with allowances for the nature of the waste streams and the areas/ types of housing that would be tackled.
66. In doing so we would wish to take account of any impact outside the local authority boundaries and the views of other relevant local authorities (adjoining collection authorities etc) would be especially relevant in this context.

Timetable for local authorities outside London

| Application Process | 2002 - 03 | 2003 - 04 |
|------------------------|--------------------|-------------------|
| Applications invited | End March. 2002 | July 2002 |
| Return of applications | End April 2002 | September 2002 |
| Decision Letters - | End May 2002 | November 2002 |
| Initial grant payment | August 2002 | April 2003 |