

Resources and Waste Strategy for England

Cabinet Member for Recycling & Leisure

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Key Decision? **NO**

Local Ward Members All Ward Members



**Leisure, Parks and
Waste Management
(Overview and
Scrutiny) Committee**

1. Executive Summary

- 1.1 In December 2018 the Department for Environment Food and Rural Affairs (DEFRA) published the national Resources and Waste Strategy. The document sets out a long term vision for resource management in the UK with particular reference to the Circular Economy Package (CEP), which sets higher material capture targets and also the concept of full net cost recovery, requiring producers to cover the cost of dealing with certain packaging material placed onto the market.
- 1.2 On 18th February 2019 the Government released four accompanying consultations on consistency of collection, deposit return schemes, extended producer responsibility and a plastics tax. The first three consultations were issued by DEFRA and the latter by HM Treasury. The consultations were all issued at the same time because they interlink with each other. The deadline for the receipt of responses was 13th May 2019.
- 1.3 The Strategy and the consultations contain some significant changes in waste policy across the UK that will have fundamental impacts on local authority operations. The proposals for mandatory food waste collections, the greater separation of dry recyclables and the deposit return scheme are likely to have the biggest impact on operations.
- 1.4 The Government has also developed proposals to improve recycling from businesses that produce municipal waste. These include the segregation of dry recycle from residual waste and the recycling or composting of food waste.
- 1.5 Following extensive research and analysis the Staffordshire Waste Partnership agreed and drafted a collective response on behalf of the member authorities to the first three aforementioned consultations, consisting of approximately 230 individual questions. It was not deemed appropriate to respond to the consultation concerning a proposed plastics tax as many of the questions concerned technical aspects that the Partnership could not add value to.
- 1.6 On 23rd July 2019 DEFRA published its first response to the consultations. Further announcements will be made by DEFRA later this year and throughout 2020 so there will be uncertainty regarding the future direction of waste services for some time to come.

2. Recommendations

- 2.1 That Committee note the proposals contained in the Government's Resource and Waste Strategy and the potential impact they may have on the Joint Waste Service if adopted.

3. Background

3.1 The policy rationale and a summary of the proposals contained in each of the three consultations issued by DEFRA together with the impact they could have on the Joint Waste Service are detailed below:

Consistency of Collections

Since 2001 household recycling rates in England have increased considerably from 11% to 45.2% in 2017. However, despite measures by government and local authorities in recent years, rates have remained at around 44/45%. While many local authorities continue to make improvements and have introduced new services, some have seen a drop in recycling rates or have stopped services such as food waste collection or do not collect the full range of recyclable materials. In addition, apart from Landfill Tax, which incentivised diversion from landfill disposal and has helped to increase recycling rates since it was introduced, there are very few current drivers to encourage local authorities to improve the way they recycle or for businesses to invest in recycling services. This makes it harder to improve the quantity and quality of what is recycled and frustrates householders who want to recycle more but who are increasingly confused over what can and cannot be recycled in their area. Members of the public, industry and other stakeholders have called for greater consistency in the materials collected for recycling as well as, to some extent, how it is collected.

The proposals include:

- to collect the same core set of dry recyclable materials from households
- have separate weekly food waste collections from households

Other measures contained in the consultation paper include:

- whether waste collection authorities should provide a free garden waste collection service for households with gardens.
- how to achieve greater separation of dry materials in collections, especially paper and glass to improve the quality of dry recyclables collected from households.
- whether statutory guidance on minimum service standards for waste and recycling services should be introduced.
- how to develop non-binding performance indicators to support local authorities to deliver high quality and quantity in recycling and waste management.
- how to support joint working between local authorities on waste; alternatives to weight-based targets; and having standardised bin colours for waste and recycling.

The potential implications for the Joint Waste Service are as follows:

- The Government wants every authority to collect plastic bottles and plastic pots, tubs and trays, glass packaging (bottles and jars), paper and card, and metal packaging. The Service currently meets this requirement but the availability of processing infrastructure and markets for the materials are out of the council's direct control. Therefore unless stable markets are developed the service may be faced with a situation where it cannot dispose of some of the materials it collects especially as the total tonnage collected in the country is likely to rise with every authority having to collect the same materials.
- The ambition to achieve higher levels of material quality could result in the Joint Waste Service having to change its collection methodology for dry recyclate. Currently the dry recyclate is collected comingled in the blue bin however this methodology typically results in higher levels of contamination. The Government would prefer local authorities to adopt multi stream or twin stream collections for dry recyclate. This would mean residents having to use additional

containers/bins to store and present their materials which can be particularly problematic for the occupiers of smaller dwellings. In addition the cost of purchasing and delivering the additional containers/bins to every property would be substantial. The service already has a looming disposal issue because the Aldridge MRF facility that it uses can no longer process comingled dry recycle. Biffa Waste who operate the plant had to change their operations in 2017 when China introduced a permanent ban on certain material exports and the company now have to send Lichfield and Tamworth's waste to a MRF in the North East for processing. The current contract expires in 2022 and Biffa Waste have advised both councils that they will not tender again on the current arrangements. Therefore the Joint Waste Service will probably have to change the way it collects dry recycle irrespective of whether there is a formal requirement to do so because there are no other local disposal facilities plus the service does not have a transfer station it can use.

- The cost of providing weekly food collections to all households in Lichfield and Tamworth is estimated to be around £1 million per annum. The Strategy states that the Government will ensure local authorities are resourced to meet any new costs arising from this policy including upfront transition costs and ongoing operational cost but there is no detail on the level of funding. The service will also have some difficulty in housing the additional trucks required to provide the food waste collections as space at the Burntwood Depot is very constrained.
- The Joint Waste Service introduced a charge for garden waste collections in 2018. The income received in the first year exceeded £1.4 million which would be a substantial amount of money to lose if the power to charge were removed. The Resources and Waste Strategy states that the garden waste service should be provided free of charge through the growing season and the Government will ensure that local authorities are resourced to meet new net costs arising from this, including upfront transition costs and ongoing operational costs. However it is highly likely that there would be a significant shortfall between any such payment and the income currently received.

Deposit Return Schemes

A Deposit Return Scheme (DRS) would see a deposit added to the price of in-scope drinks containers at the point of purchase, which would be redeemed when consumers return their empty drinks containers to designated return points. If introduced, the Government anticipate that a DRS will help reduce the amount of littering, boost recycling levels for relevant material, offer the enhanced possibility to collect high quality materials in greater quantities and promote recycling through clear labelling and consumer messaging. The consultation proposes that the materials included in a DRS could be PET and HDPE plastic bottles, steel and aluminium cans, and glass bottles. It is proposed that a broad range of drinks, including water, soft drinks, juices, alcohol, and milk-containing drinks, where they are sold in containers made of these materials, could be included in a DRS. The Government does not propose including milk (or plant-based drinks such as soya) within scope of a DRS as it is considered by many as an essential product which is only widely available in containers.

All producers of drink beverage products that would fall within the scope of a DRS would be mandated to join the DRS and be obliged to meet high collection rates set by government. As all items under consideration for inclusion in a DRS are packaging, government would need to ensure that any reformed packaging producer responsibility system takes this into account. Any DRS would need to have a central body or organisation to manage its operation, which would include overseeing financial and material flows, logistics, infrastructure maintenance, and reporting. The Government envisage this role to be undertaken by a new not-for-profit body, the Deposit Management Organisation (DMO), which would be established for the purpose of running the DRS. The DMO would be funded by fees paid by producers and revenue obtained from collected DRS material sent on for recycling. The Government also sought views in the consultation on whether unredeemed deposits should also be used to part-fund the running of the DRS system. Drinks containers within a DRS could be returned

either via an automated return point using a reverse vending machine (RVM), which could be hosted, for example, by large retailers in supermarkets as well as potentially in areas of high footfall such as transport hubs, or via a manual return point that could be hosted by small retailers and involve containers being returned over-the-counter. Those hosting return points would be paid a handling fee by the DMO to reimburse them for associated costs. Due to the proposed management of financial flows, a monitoring and enforcement body would be needed to monitor and audit DMO operations to ensure the system is operating fairly and transparently.

Local authorities are important stakeholders for a DRS due to its interaction with their waste collection duties. A DRS may move higher-value recyclable materials away from local authority collections, which will reduce their income from the sale of these materials. The Joint Waste Service currently receives around £350k per annum from the sale of its dry recyclate via the disposal contract it has with Biffa Waste Services Ltd and £1 million per annum from recycling credits paid by Staffordshire County Council. No attempt has been made to try and estimate how much income the Joint Waste Service is likely to lose because there is currently insufficient detail on how any scheme would work. It has also been difficult to evaluate whether the DRS will reduce the cost of dealing with litter. The Strategy does state that the UK government will ensure that local authorities in England are resourced to meet new net costs arising from the policies that flow from the Strategy, including upfront transition costs and ongoing operational costs but again there is no detail.

Extended Producer Responsibility

The UK has had a system of producer responsibility for packaging in place since 1997. This has helped to drive recycling of packaging waste from 25%, 20 years ago to 64.7% in 2016. Over this period the UK has met all national and EU packaging waste recycling targets, and the cost of compliance to business has been kept low when compared to other Member States. However, like any system that is over 20 years old, it is in need of reform. Stakeholders have expressed concerns over the transparency of the system including; how income from the sale of evidence has supported packaging waste recycling, that local authorities receive limited direct financial support for managing packaging waste and that there is not a level playing field for domestic reprocessing. It has been estimated that packaging producers only pay for 10% of the cost of packaging disposal and recycling, leaving taxpayers to foot the bill for the remaining 90%.

Additionally the government is committed to maximising value from the country's resources and minimising waste through the circular use of materials. In a number of policy documents, commitments have been made to exploring ways to better incentivise producers to manage resources more efficiently. This includes placing responsibility on businesses for the environmental impact of their products and for the full net costs of managing products at end of life.

The Governments ambitions have increased too and recent months have seen a rise in the public consciousness when it comes to the need to tackle packaging waste. There is a desire for unnecessary and difficult to recycle packaging to be reduced substantially, more packaging designed to be recyclable and made from recycled material and more packaging waste to be recycled. Stakeholders also want fewer packaging items to be littered and for it to be easier for people and businesses to recycle their packaging waste. Reforming the packaging waste system fits with these ambitions and the commitments made by all national governments in the UK.

The management of packaging waste costs local authorities in the region of £820m per year. The proposals in the consultation mean that the funding to meet these costs will transfer from central government and local taxpayers to businesses; local authorities will be paid by producers for collecting and managing packaging that arises in household waste. Local authorities will have to collect all recyclable packaging that is identified for collection through household collection services. Collection services will have to meet with any minimum collection standards that are required. This will lead to more consistent service provision across the country.

The Government is proposing that there will be three components to producer payments to local authorities for managing packaging waste as detailed below:

- Payment for the cost of providing a recycling collection service
- Recycling payment for the amount of packaging waste collected and recycled.
- Residual waste payment related to the cost of managing household packaging waste in residual waste; that is packaging that cannot be recycled and packaging that can be recycled but has not been captured for recycling.

The consultation proposes that unitary authorities would receive all three payments. For authorities in two-tier local authority areas in England which includes Lichfield and Tamworth the Government has said that it would need to consider how payments could be made between collection and disposal authorities. Therefore it is too early to make an assessment of the funding that the Joint Waste Service is likely to receive from extended producer responsibility.

3.2 DEFRA's first response to the consultations that it received from stakeholders was issued on 23rd July and contained the following:

Consistency of collections

- The government will seek to amend legislation to require all English local authorities to collect at least the following dry materials from 2023:
 - glass bottles and containers – including drinks bottles, condiment bottles, jars.
 - paper and card – including newspaper, cardboard packaging, writing paper.
 - plastic bottles – including clear drinks containers, HDPE (milk containers), detergent, shampoo and cleaning products.
 - plastic pots tubs and trays.
 - steel and aluminium tins and cans.
- Mandatory weekly food waste collection by the end of 2023 (subject to existing local authority contract conditions) and they will consider whether a minimum service standard of alternative weekly collection for residual waste is required.
- The Jury is out on free garden waste collection and this is subject to further consultation.
- Consultation on minimum service standards guidance would take place later in 2019 or early 2020.
- There is support for mandatory collections of commercial (trade) food and recyclable wastes.

Deposit Return Scheme:

- Defra's next steps will be:
 - to seek primary powers to implement deposit return schemes in the Environment Bill.
 - to hold a second consultation in 2020 on the regulatory framework for introducing a DRS through secondary legislation.
 - following the second consultation, the introduction of a DRS from 2023.
- Defra anticipate the DRS could be drinks containers up to 3L in volume, but the final upper limit will be subject to the outcome of additional evidence and further stakeholder engagement. The specific details of a DRS, including the material and drinks to be included in scope, will be developed further and presented in the second consultation.

Extended Producer Responsibility

- It is proposed to introduce Extended Producer Responsibility in 2023. HM Government will seek primary powers in the Environment Bill to enable the introduction.
- Kitchen foil, cling film, jiffy bags, disposable cups and sandwich bags to be included within a packaging EPR system.
- A majority of respondents (74%) agreed with the proposal for producers to fund the costs of collecting and managing household and household-like packaging waste.
- A majority of respondents (60%) agreed that packaging for commercial / industrial applications should be out of scope for full net cost recovery given that business already incurs the cost of managing this waste.
- Further work is required to determine the scale and associated costs of managing packaging waste that is generated 'on-the-go' and is littered.
- There was strong support for the three elements proposed for producer payments to local authorities for managing packaging waste:
 - Payment for the cost of providing a recycling collection service (77% agreed).
 - Recycling payment for the amount of packaging waste collected and recycled (91% agreed).
 - Residual waste payment related to the cost of managing household packaging waste in residual waste (81% agreed).
- The majority agreed that payments to local authorities for collecting and managing household packaging waste should be based on provision of collection services that meet any minimum requirements and the collection of a common set of packaging materials. Further work will be taken forward to consider how funding will be allocated to local authorities.
- Respondents showed very strong support for using producer fees for communications campaigns at both national (90%) and local level (88%).
- There was very strong support (90%) for a mandatory obligation on producers to label their packaging as recyclable or not recyclable.

Alternative Options	1. None as the report is for information only.
Consultation	1. Tamworth Borough Council have been consulted on the content of the report.
Financial Implications	1. There are no financial impacts associated with the Resource and Waste Strategy at this stage because it only contains a set of proposals on the future direction of waste management in the country. However the consultations commenced a programme of wholesale review regarding local authority waste and recycling service provision and funding and the results pertaining to the consultations will impact upon Council finances in the medium to long term.
Contribution to the Delivery of the Strategic Plan	1. The provision of the Joint Waste Service plays a key role in assuring we have a clean, green and welcoming place.
Equality, Diversity and Human Rights Implications	1. These will be assessed when the proposals are known.

Crime & Safety Issues	1. These will be assessed when the proposals are known.
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GDPR/Privacy Impact Assessment	1. These will be assessed when the proposals are known.
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	Risk Description	How We Manage It	Severity of Risk (RYG)
A	If the Governments proposals become law there is a risk that the full cost of their implementation will not be covered.	Keep monitoring the Governments proposals.	Red

Background documents
DEFRA Resource and Waste Strategy for England

Relevant web links
<p>Consultation on Consistency in Household and Business Recycling Collections in England, available at: https://consult.defra.gov.uk/environmental-quality/consultation-on-consistency-in-household-and-busin/</p> <p>Consultation on Introducing a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland, available at: https://consult.defra.gov.uk/environment/introducing-a-deposit-return-scheme/</p> <p>Consultation on Reforming the UK Packaging Producer Responsibility System, available at: https://consult.defra.gov.uk/environmental-quality/consultation-on-reforming-the-uk-packaging-produce/</p>