

Somerset Waste Board meeting
29th March 2019
Report for information

Paper
Item No.

SWP Responses to National Resources and Waste Consultations

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Forward Plan Reference:	
Summary:	<p>As highlighted in the 15 February SWB discussion on the new national Resources and Waste Strategy, central government has published 4 consultations on:</p> <ol style="list-style-type: none"> 1) Consistency in Household and Business Recycling Collections (consistency) 2) Reforming the Packaging Producer Responsibility System (EPR) 3) Introducing a Deposit Return Scheme (DRS) for England, Wales and Northern Ireland 4) Plastic Packaging Tax <p>All four consultations run for 12 weeks with closing dates of 12/13 May. Whilst SWP is still working through the consultations, this board paper summarises our understanding of the implications for Somerset, and our likely position in response.</p>
Recommendations:	<p>That the Somerset Waste Board:</p> <ol style="list-style-type: none"> 1) notes the contents of this report and discusses the implications of the consultations, 2) delegates responsibility to the Managing Director of the Somerset Waste Partnership to finalise consultation responses.
Reasons for recommendations:	<p>To ensure the board are kept up to date with developments in the waste sector. The consultations set out more detail of significant changes to the policy landscape and will have significant implications on Somerset.</p>
Links to Priorities and Impact on Annual Business Plan:	<p>Business Plan 2019-24: 3.2 Strategy and Influence - Developing SWP's strategy, responding to consultations</p>
Financial, Legal and HR Implications:	<p>There are major potential financial implications from consultation proposals, but these are still not completely clear. Most policies are not proposed to be implemented until 2023, so there is no</p>

	<p>immediate impact on costs. Initial estimates of financial costs of proposals within the consultation are as follows:</p> <ul style="list-style-type: none"> • DRS: £43k - £238k annual cost to SWP (depending if on-the-go or all-in). See section 4 for further information. • EPR: Commitment to the full net cost recovery for local authorities (recycling, refuse and littering) from packaging, but proposal to use funding formulas may mean that this doesn't truly cover costs • Free garden waste: Potential £6m cost based on lost income, diversion from recycling centres, increased collection costs, net of reduced residual waste costs. This excludes any assumption of the impact on home composting or on the viability of recycling centres. • Mandatory separate weekly food waste collection: Unclear at this point. SWP may receive funding, but bespoke solutions may be needed at many communal points • Minimum standards require two-weekly refuse collection: Unclear if this will reduce any EPR payments we would otherwise be entitled to, despite the fact that all the evidence demonstrates that moving to 3-weekly refuse will support SWP in collecting even more high-quality recycle and reducing avoidable waste. <p>Legal obligations would be likely to be significant (e.g. minimum service standards) but there is insufficient detail at this stage of what these implications might be. There may be HR implications (e.g. additional staff required to enable free garden waste collections)</p>
<p>Equalities Implications:</p>	<p>N/A – As these proposals are consultations (and some are subject to further consultation) there is insufficient information on which to base an Equalities Impact Assessment.</p>
<p>Risk Assessment:</p>	<p>The Risk Register has been updated with the risks relating to the consultations. There are significant opportunities from EPR and consistent recycling collections (for example with better labelling and fewer hard to recycle products on the market). Key risks include the loss of valuable material through a DRS scheme, the costs and negative environmental impact of free garden waste collections, unrealistic approach to implementation of food waste from all properties (e.g. those which simply do not have space), significant negative environmental and financial impacts of the potential inclusion in minimum standards of maximum of two-weekly refuse collections, failure of government to truly recompense the full net costs of what it may require us to do in the future.</p>

1. Background

- 1.1. The Board considered the Resources and Waste Strategy at their February 2019 meeting. The Board meeting noted that the strategy included 19

promises of consultation, that 4 consultations were expected imminently (which have since been published) and that whilst SWP welcomed nearly all of the strategy, was honoured to be the only LA case study in the strategy, there were a number of areas of concern for us. The consultations flesh out some of these areas of concern, have created new areas of concern, but also provided reassurance on some key elements of central Government's direction of travel.

1.2. SWP is still analysing the consultation documents and preparing its consultation responses (there are around 275 detailed questions across over 450 pages and 4 documents). As part of that we are engaging with our partners in Somerset, across the region, and through national organisations in the resources and waste sector. SWP is actively taking part in discussions at national level with the aim of influencing the direction of government policy, in particular to address the areas that we see of greatest risk to SWP:

- Minimum standards which require refuse collection to be collected at least every two weeks (see section 2 of this report)
- Free garden waste collection (see section 2 of this report)
- Failure to truly cover the full net costs that SWP faces from these proposals (all proposals, but in particular section 3 of this report)
- An 'All-in' Deposit Return Scheme (see section 4 of this report)
- The potential inclusion of unnecessary elements in minimum standards which are best left to local discretion (e.g. standard bin colours)

2. Consistency of Collections

2.1. *What are the key proposals in the Government's consultation:*

This consultation is concerned with having consistent collections and recycling to improve the quantity and quality of municipal waste recycled in England. It is consulting upon:

- collect the same core set of dry recyclable materials from all types of household
- requiring separate weekly food waste collections from all households by 2023
- whether waste collection authorities should provide a free garden waste collection service for households with gardens during the growing season
- how to achieve greater separation of dry materials in collections
- the benefits of having standard bin colours
- whether statutory guidance on minimum service standards for waste and recycling services should be introduced (including restrictions on the frequency of residual waste collection)
- 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
- options to significantly increase the separate collection of recyclable materials from businesses (including public sector organisations)

Subject to the outcome of this consultation there will be a further consultation in

late 2019 or early 2020 on regulatory changes to implement these measures and supporting guidance.

2.2. What is SWP's emerging position:

SWP agree with the general principles of consistency in collections and has long been an advocate for high quality recycling. Our existing systems mean we are already achieving many of the aims:

- Weekly collections of food waste to most households
- With the introduction of Recycle More, we will be collecting the core recycling materials proposed
- Operating kerbside sort collections which results in high quality recycling and which are the government's favoured scheme.
- Investigating carbon reporting to go alongside our weight-based reporting
- Partnership working

However, we do have some serious concerns with some proposals including

- Introduction of statutory minimum standards for collections, including fortnightly refuse frequency
- Introduction of free garden waste to all properties
- A lack of understanding of the challenges involved in rolling out weekly food waste collection to all property types (noting that overall we welcome this proposal)

We strongly believe that how recycling and refuse collections are delivered should be a locally made decision taking into account the local area, housing types and demographics. We agree with the principle of a standard set of materials, but how this is collected should be down to individual councils.

Refuse frequency: We are very concerned about the potential for minimum standards for refuse frequency, particularly as this may be linked to receiving full funding from producers under Extended Producer Responsibility. As the Board is aware, our own research has shown that restricting refuse capacity is a strong driver for increased recycling and that once the recycling and food waste is removed, there is very little left to be disposed of in the refuse bin which allows for lower frequency collections. SWP's view is that there is no evidence to support the government's proposal, it is inconsistent with their own policy goals (zero avoidable waste by 2050) and will lead to producers paying more than is necessary under EPR. The focus of our lobbying effort will be on this issue (and garden waste). There is also a risk that the minimum standards could change over time, which could mean that services will need to change, but without a recognition of how viable this is in the real world.

Garden Waste: The proposal to offer free garden waste collections during the growing season will have a major impact on SWP and partners. We estimate that it could cost us up to £6m (net of reduction in disposal costs) with the removal of income to the districts, increased costs of collections, and diversion from recycling centres. It does not take into account people who may stop home composting (the preferred environmental option for garden waste) or the impact on recycling centres with the loss of the large amounts of material and visits. The practicality of the proposals are questionable, including the part-year nature

of it. So whilst the financial impact (in particular to District Councils) is significant, the environmental impact is of very great concern to SWP – our impression is that this is government simply chasing weight-based targets, and not focussing on what is the environmentally right thing to do. SWP will be drawing together the evidence to support our position.

Reprocessing capacity: SWP has pioneered transparency in recycling with our End Use Register and has always expressed a preference for recycling in the UK with over 90% of our current recyclables reprocessed in this country. We want to keep the trust of our residents who can be satisfied that we are producing high quality and in-demand recyclables. SWP will highlight the need to ensure that UK reprocessing capacity is increased in line with the aspirations that Government has for more authorities to do things the Somerset way.

Food waste: Whilst we already offer food waste collections to all suitable properties, we have difficulties in offering the service to flats. We have trialled this before and found take-up to be low and problems with increased contamination. However, it remains an important priority for us to find ways to enable residents living in these properties to recycle even more. SWP's preference (where space permits) is to move to the kerbside type service. Whilst all consistency materials will be available to communals under Recycle More, we have many communal properties where container storage is an issue, both within the flat and in any communal bin storage area – these constraints need a bespoke approach to work through. One standard solution will not work for all communal properties, and SWP will continue to seek to understand the detail of the proposals and press for the importance of recognising the work involved with communal properties, and the costs that come with this.

We will be doing further work on the impacts of these proposals and lobbying with other LAs and national organisations as well as responding in detail to the consultation questions.

Businesses: SWP feel that there are potential opportunities to be gained from the proposal to include businesses that produce household-like waste in the consistency arrangements. There are large numbers of small-medium sized businesses in Somerset who may be able to benefit from these proposals, increasing their recycling and reducing refuse disposal costs. SWP will investigate how we can facilitate this through providing advice and information and even whether there is a role for us to assist with group procurements to help save costs. This is going to be a key area for SWP in developing its longer term strategy, and in working with partners to understand how together we can improve Somerset's wider environmental outcomes and our response to climate change. SWP will seek to engage through our partners and with Somerset's business organisations – our initial analysis does suggest that the proposals will lead to cost increases for small and micro-businesses, of which Somerset has a significant proportion.

3. Extended Producer Responsibility for packaging

3.1. *What are the key proposals in the Government's consultation:*

The proposals covered in this consultation are concerned with reforms to the packaging waste regulations and explore:

- The definition of full net cost recovery and approaches to recovering full net costs from producers
- Incentives to encourage producers to design and use packaging that can be recycled
- The businesses that would be obligated under a packaging extended producer responsibility system
- How producer funding is used to pay local authorities for the collection and management of household packaging waste and to support the collection for recycling of household-like packaging arising in the commercial waste
- Mandatory labelling on all packaging to indicate if it is recyclable or not
- New packaging waste recycling targets for 2025 and 2030, and interim targets for 2021 and 2022
- Alternative models for the organisation and governance of a future packaging extended producer responsibility system
- Measures to strengthen compliance monitoring and enforcement including for packaging waste that is exported for recycling

The following principles for any EPR scheme are set out in the consultation:

- Businesses will bear the full net cost of managing the packaging they handle or place on the market at end of life. Subject to consultation, this would include the cost of collection, recycling, disposal, the clear-up of littered and fly tipped packaging, and communications relating to recycling and tackling littering
- Fees raised from obligated businesses will be used to support the management of packaging waste and the achievement of agreed targets and outcomes. This is to include the collection of a common set of packaging materials for recycling across the UK. Local authorities will be expected to meet any minimum service standards (in place in each nation) for the household collection service they provide
- All packaging should be labelled as recyclable or not recyclable to make it easier for people to recycle and dispose of packaging waste; with the labelling scheme addressing packaging that may be collected via alternative routes such as a DRS.

3.2. *What is SWP's emerging position:*

The principle of EPR is strongly welcomed by SWP, in particular:

- The producer pays principle and commitment to covering local authority costs
- The definition of full net cost recovery actually covering all the costs – recycling, refuse and littering.
- How it will incentivise producers to design better (i.e. more recyclable) products

However, SWP is very concerned by the suggestion that the amount of funding that LAs may be entitled to from EPR could be subject to meeting a minimum standard of refuse collection every two weeks at most. This was an unexpected proposal from Government in the consultation. SWP's view is that restricting LAs

discretion in choosing the appropriate frequency for residual waste collection is:

- Inconsistent with government's aim of '*zero avoidable waste by 2050*'.
- Inconsistent with the expected impact of the other policies Government is consulting on, which will increase household recycling substantially, and hence reduce the need for residual waste
- Contrary to the evidence the reducing residual waste frequency is proven to reduce avoidable waste, especially food waste. As board members are aware, 25% of what's in Somerset's residual bins currently is food waste. We expect to see the amount of food waste collected increase significantly when we introduce Recycle More.

SWP also believe that restricting residual waste frequency will lead to higher costs for packaging producers than are necessary, and as such will seek to reflect this point in its lobbying, so as to build further support for SWP's arguments.

Whilst SWP welcome the government's commitment to fund the full net costs to local authorities, it proposes to do this by means of funding formulas driven in part, by classification of local authorities as one of 6 different types, and in part by reference costs for an efficient service. SWP is concerned that this will not truly cover the costs we face and may be inequitable and lack transparency. SWP will also be pushing for meaningful local authority involvement in the set-up and ongoing administration of any EPR governing body, alignment between materials subject to EPR and consistent recycling collections, and a classification of materials that is less binary than 'non-recyclable' or 'recyclable' so as to enable consumers to make more informed choices.

SWP is undertaking further modelling to understand the potential financial impact of this proposal on SWP – which we expect to be very significant. SWP will share its emerging findings with the Board on 29 March. SWP continues to explore the detailed aspects of the consultation to ensure that the governance model proposed best meets our interests, and to encourage a clearer labelling of packaging materials rather than simply indicating whether they are recyclable or not recyclable.

4. Deposit Return Scheme

4.1. *What are the key proposals in the Government's consultation:*

This consultation seeks views on proposals to introduce a DRS for drinks containers in England, Wales and Northern Ireland, whilst recognising that any DRS should form part of a coherent system across the UK. It refers to systems where consumers pay an upfront deposit which they must return the container to redeem.

There are two options being considered in the consultation. The first option, known as the '**all-in**' model, would not place any restrictions on the size of drinks containers in-scope of a DRS. This would target a large amount of drinks beverages placed on the market. The second option, known as the '**on-the-go**' model, would restrict the drinks containers in-scope to those less than 750ml in

size and sold in single format containers. This model would target drinks beverages most often sold for consumption outside of the home (while 'on-the-go'). An alternative to introducing a DRS would be for all drinks containers to be captured under a reformed packaging producer responsibility system.

This consultation proposes that the materials included in a DRS could be polyethylene terephthalate (PET) and high-density polyethylene (HDPE) plastic bottles, steel and aluminium cans, and glass bottles. It is proposed to include all soft drinks (including water and juices), alcoholic drinks and drinks containing milk and plant-based drinks e.g. smoothies, milkshakes, ready-to-drink coffee, flavoured milk and yoghurt drinks. The intention is to exclude drinks containers containing milk from a DRS. Disposable cups are not in scope of the DRS proposed but views are asked for on whether they should be included or not.

4.2. What is SWP's emerging position:

Whilst SWP believe that DRS is the wrong priority given the other changes proposed (in particular EPR), if there is a DRS then it should be focussed on tackling litter, and hence be a UK wide 'on-the-go' scheme. Key points SWP are likely to make in support of its position are:

- 'Quality' recyclers like SWP will be the clear losers from DRS. Initial modelling suggests that an 'all-in' scheme could potentially cost SWP £2.5m over the next 10 years. An on-the go DRS would be likely to cost more like £400k over 10 years. SWP will continue to undertake financial modelling, and this initial estimate may change substantially as we undertake further work. It is not clear if there will be fair compensation for this new burden. These cost impacts do not consider the costs that may result from having a sub-optimal fleet (i.e. recycling vehicles designed to collect materials which now flow through a DRS scheme)
- DRS is likely to make kerbside sort more expensive and riskier for those authorities who do not yet currently provide this service, through uncertainty on future tonnages – recycle income and vehicles. It therefore may make it less attractive to other authorities, who may delay their decision making on moving to kerbside sort until its full impacts are known. This is contrary to the strong emphasis in the Government's strategy on encouraging more local authorities to move to a 'quality' kerbside recycling system like SWP has.
- As discussed at the February Board meeting, DRS is a type of Extended Producer responsibility. It therefore risks duplication with the packaging producer responsibility scheme, which should have much greater impact than DRS. As well as duplicating existing kerbside collections, it may lead to two complex administrations (for EPR and DRS being established). There is a practical limit to how much change that can be managed at any one time. The government's own analysis shows that EPR and 'all-in' DRS combined will cost society £243m.
- One key aim of a DRS is to reduce litter. If there is a DRS, then it should be focussed on tackling this issue. To ensure that it tackles commonly littered materials, SWP believe that it should include single use cups and cartons. This will minimise the detrimental impacts on the kerbside recycling collection service. Whilst SWP continues to work with District Council

partners, there is little evidence that this will reduce street-scene costs in rural areas like Somerset.

- If there is a DRS, SWP welcome the reference to local authorities being able to receive money from deposits on material they collect (this was something SWP lobbied for), though we need more detail on how the funding formula would work. However, we believe that this proposal is likely to be impractical as if materials with deposits were placed in our recycling boxes or bins, then there is a chance that this could increase littering through people seeking to harvest this material and spilling the rest.

5. Tax on Plastic Packaging

5.1. *What are the key proposals in the Government's consultation:*

The government is planning to tax plastic packaging that contains less than 30% recycled material to stimulate end markets for plastic and promoted better design of packaging. The consultation includes several specific questions on defining the scope of the tax, the threshold for recycled content, how the tax is levied, the treatment of imports and exports, avoiding tax evasion, managing administrative burdens, particularly on smaller operators. It is proposed to implement the final tax as part of EPR reforms.

5.2. *What is SWP's emerging position:*

SWP is supportive of the proposal, as it will be key to driving demand for recycled plastic. Adequate demand for recycled plastic is crucial to ensuring that the plastic that is collected goes to best use. It supports SWP's goal of aiming for closed loop recycling. Most of the questions in this consultation are of a very technical nature and SWP is not best placed to comment upon them. However, we will review all aspects of the consultation to ensure that it will align with other aspects of the proposed reforms to the national resources and waste system.

6. Options Considered and reasons for rejecting them

- 6.1.** SWP could choose not to respond to the consultations, but that means that we would have no influence over the direction of policy that will significantly affect us in the future. As all 4 consultations are inter-related, it is necessary to consider them and respond to them as a whole.

7. Consultations undertaken

- 7.1.** Discussed at SMG in March, and draft consultation responses will be reviewed by SMG at their April meeting. District colleagues have been encouraged to examine the littering and fly-tipping related elements of the DRS consultation, as these relate to District Council responsibilities. SWP will continue to engage with others to inform our responses, and to encourage others to reflect our views on the key risks and opportunities for SWP and Somerset.

8. Implications

- 8.1. SWP will continue to work to understand the consultations, working with all partners to ensure that we understand the potential impact of proposals. We will also work across the SW and with LA partners nationally to influence the policies.

9. Background papers

- 9.1. SWB 15 February paper

<http://democracy.somerset.gov.uk/documents/s9782/National%20resources%20and%20waste%20strategy.pdf>

Consultation on Consistency in Household and Business Recycling Collections in England

<https://consult.defra.gov.uk/environmental-quality/consultation-on-consistency-in-household-and-busin/>

Consultation on reforming the UK packaging producer responsibility system

<https://consult.defra.gov.uk/environmental-quality/consultation-on-reforming-the-uk-packaging-produce/>

Introducing a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland

<https://consult.defra.gov.uk/environment/introducing-a-deposit-return-scheme/>

Plastic packaging tax

<https://www.gov.uk/government/consultations/plastic-packaging-tax>

The Resources and Waste Strategy -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765914/resources-waste-strategy-dec-2018.pdf