

<b>REPORT TO:</b>	<b>ENVIRONMENTAL AND DEVELOPMENT SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>17<sup>th</sup> APRIL 2019</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (SERVICE DELIVERY)</b>	<b>OPEN</b>
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<b>SUBJECT:</b>	<b>Resources and Waste Strategy Consultation</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

## **1.0 Recommendations**

1.1 That the Committee endorses the proposed responses to the Government's Resources and Waste Strategy Consultations.

## **2.0 Purpose of the Report**

2.1 To outline the key points from the Government's Resources and Waste Strategy Consultations.

2.2 To inform the Committee of the potential implications of the Strategy for the future design and delivery of waste services in South Derbyshire and the County as a whole.

## **3.0 Executive Summary**

3.1 Government's Resources and Waste Strategy (published 18 December 2018) is intended to contribute towards the delivery of 'five strategic ambitions':

- To work towards all plastic packaging placed on the market being recyclable, reusable or compostable by 2025;
- To work towards eliminating food waste to landfill by 2030;
- To eliminate avoidable plastic waste over the lifetime of the 25 Year Environment Plan;
- To double resource productivity by 2050; and
- To eliminate avoidable waste of all kinds by 2050.

3.2 In support of this, four consultations were issued on 18 February 2019. The Government is looking for views on:

- Reforming the UK packaging producer responsibility system – 95 questions
- Consistency in household and business recycling collections in England – 66 questions
- Introducing a Deposit Return Scheme in England, Wales and Northern Ireland – 88 questions
- A plastic packaging tax on packaging containing less than 30% recycled plastic - 56 questions

3.3 All of the proposals aim to support each other and deliver a consistent United Kingdom (UK) wide approach which will result in a collaborative and beneficial approach for manufacturers, retailers, consumers and reprocessors. The proposed responses take account of the considerations and proposals in all four consultations rather than each in isolation.

3.4 The consultations, which are accompanied by Impact Assessments, run until 13 May 2019 (Plastic packaging tax – 12 May). There is a stated preference for online responses. Any proposal adopted as a result of these consultations is expected to come into force from 2023.

3.5 There is a doubt about the accuracy of the data used in the Impact Assessments. The information on waste composition (i.e. the amount of food, garden and packaging in the current residual waste stream) and local authority costs associated with the proposals outlined in the consultations is not available at a national level and assumptions have, therefore, been made.

3.6 If the UK is to recycle more and collect better quality materials there is a need to ensure that the necessary infrastructure and markets are provided in order to utilise these materials.

3.7 Although Government is committed to ensuring that local authorities are not financially disadvantaged, and a definition of what 'full net costs' means is provided, there is little detail on how the funding would flow from producers to local authorities, the requirements behind that funding and how payments would be calculated based on either national or regional average costs.

3.8 Similarly the proposal to use an 'average' to determine payments nationally or regionally suggests that not all local authorities will have all their net costs met. There is no definition provided on what is an 'inefficient' service, who decides on this and what the implications may be for local authorities. If a service is deemed 'inefficient' where will the materials go and who will meet the costs.

## **4.0 Detail**

### **4.1 REFORMING THE PACKAGING PRODUCER RESPONSIBILITY SYSTEM**

4.2 The Government is committed to maximising the value from resources and minimising waste and wants to incentivise producers accordingly, including taking responsibility for the environmental impact of their products and for the full net costs of managing those products at the end of their life.

4.3 Views are sought on measures to reduce the amount of unnecessary and difficult to recycle packaging and increase the amount of packaging that can be and is recycled through reforms to the packaging producer responsibility regulations. It also proposes that the full net costs of managing packaging waste are placed on those businesses

who use packaging and who are best placed to influence its design, consistent with the polluter pays principle and the concept of extended producer responsibility (EPR).

4.4 The proposals being consulting on are:

- Definition of full net cost recovery and approaches to recovering those costs from producers
- Incentives for the use of packaging that can be recycled
- Businesses that would be obligated under EPR
- Producer funding to be used to pay Local Authorities for the collection and management of packaging
- Mandatory labelling – recyclable or not recyclable
- New packaging recycling targets for 2025 and 2030, plus interim targets for 2021 and 2022
- Models for the organisation and governance of EPR
- Strengthened compliance monitoring and enforcement.

4.5 Proposals will impact on businesses who produce and / or sell packaging, local authorities and waste companies that collect and manage packaging, businesses that recycle packaging, manufacturers that use recyclable materials and on consumers.

4.6 Businesses (including potentially online sellers) will pay the full net cost of packaging produced, incentivising them to produce less packaging and use recycled materials in the packaging that they produce. Reprocessors and manufacturers can expect to receive better quality materials and consumers will have greater clarity on what can be recycled.

4.7 Any reformed EPR is dependent on the nature of kerbside collection consistency and therefore EPR is linked to the consistency in collection proposals. Local authorities can expect to see the costs for collecting and managing packaging that arises in household waste transfer from taxpayers to businesses. Local authorities will be paid by obligated producers and 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, leading to more consistent service provision across the country.

4.8 The core set of packaging materials to be collected by local authorities is:

- Paper and card packaging
- Metal packaging (cans, aerosols etc)
- Plastic bottles
- Glass (bottles and jars)
- Food and beverage cartons

4.9 The proposed definition of full net cost covers:

- Collection and transportation
- Sorting and treatment – net of any income from the sale of materials

- Treating / disposal of any packaging remaining in the residual waste stream
  - Information to consumers – through national communication campaigns
  - Cleaning up littered and fly-tipped packaging items
  - The collection, collation and reporting of data
- 4.10 Payments to local authorities are proposed on a formula based approach, taking account of the cost of collection and the quality and quantity of packaging collected for recycling. A payment is also proposed for the cost of managing packaging that remains within the residual waste stream. Producers will not be required to cover the costs of inefficient services. Payments will not exceed costs and may use 'averages' based on either national or regional average costs.
- 4.11 A mandatory UK wide labelling scheme is suggested, one that will provide clear information to help consumers on what can and what cannot be recycled. This would be linked to the consistency agenda and what local authorities and waste management companies would be required to collect for recycling.
- 4.12 New packaging recycling targets for 2025 and 2030, plus interim targets for 2021 and 2022 are suggested, but additional data is required before regulations on new targets can be produced.
- 4.13 Four potential governance options, three of which are based on existing compliance schemes (i.e Waste Electrical and Electronic Equipment (WEEE)) are suggested to oversee and administer the new EPR proposals, including payments to local authorities.
- 4.14 Government wishes to see a reformed producer responsibility scheme by the end of 2022 and propose a second consultation, on specific regulatory measures, in early 2020.
- 4.15 The Council's proposed response:
- The Government must ensure that the system is simple and transparent and that Local Authorities genuinely get 100% of their costs of dealing with waste packaging returned.
  - Strengthened compliance monitoring and enforcement is required to ensure that no-one gains an unfair advantage as a result of the proposals. Regulations will need to be sufficiently clear and prescriptive to prevent fraud and ensure that timely and accurate data is provided. Producers should be required to meet costs.
  - The system of numerous compliance schemes for issuing Packaging Recovery Notes (PRNs) which provides limited transparency and funding to local authorities should be replaced with one single 'not for profit' organisation in charge of running the whole scheme.
  - Fees paid by producers should be modulated to ensure that harder to recycle or unrecyclable packaging put to market attracts substantially higher fees and hence makes it economically prohibitive.
  - There should be scope in future to add in other items for EPR and have the costs of collection, processing and disposal covered by producers.

#### **4.16 DEPOSIT RETURN SCHEME**

- 4.17 Government is committed to reform producer responsibility systems and this consultation helps meet that commitment.
- 4.18 The aim is that, should a Deposit Return Scheme (DRS) be introduced, it will be easy for consumers to return drinks containers, leading to increased recycling rates and a reduction in littering.
- 4.19 Consultation proposals:
- Deposit to be added to the price of drinks of in-scope drinks containers, deposit refundable at designated points
  - PET and HDPE plastic bottles, steel and aluminium cans and glass bottles (not milk) in scope
  - Vending machine or manual options for return
  - Mandatory scheme
  - Linked to EPR
  - Organisation and governance of DRS
  - Compliance monitoring and enforcement body
  - Two models under consideration:
    - ‘all-in’ model no restriction on the size of drinks containers
    - ‘on-the-go’ model restricts size to 750ml - targets drinks containers sold outside of the home
- 4.20 All producers, within scope of a DRS, would be required to join. As with EPR, producers will be expected to meet the full net costs of managing their products.
- 4.21 A DRS would see a deposit added at the point of purchase, to be redeemed at designated return points (automated or manual). Materials to be included are:
- Plastic bottles
  - Steel and aluminium cans
  - Glass bottles
- 4.22 Views are sought on whether disposable cups should be within scope of a DRS. If not it may or may not be addressed as part of EPR proposals. Milk and plant based products (e.g. soya etc) is not proposed to be within the scope of a DRS as it is considered to be an essential product, only available in containers.
- 4.23 A DRS may move higher value recyclable materials away from local authority collections, potentially reducing income as well as the costs of collection. DRS material could still, however, remain in the kerbside collections and therefore any deposit value could fall to local authorities who separately collect the material.
- 4.24 Government is committed to ensuring that local authorities are adequately resourced to meet any new net costs arising from these policies.
- 4.25 Of the two models under consideration the ‘on-the-go’ model would mean that consumers would be required to dispose of different drinks containers in different ways, with some containers eligible for a refund and some not. Any containers not

in scope would be covered by EPR. The collection of the same materials and drinks containers is proposed for both models.

- 4.26 A new body or organisation would be required to undertake the governance (including meeting any targets), funded by producers, and Government envisage that this role would be filled by a not-for-profit organisation.
- 4.27 The Deposit Return Scheme proposals seek to introduce a nationwide system of deposits on drinks containers which can be redeemed by returning the packaging to designated points across the country.
- 4.28 The Council's proposed response:
- The 'all-in' system would be preferable providing that household recycling services for packaging waste will be 100% covered by producers. Hence any loss of value from cans and bottles in recycling contracts should be irrelevant.
  - A good proportion of drinks containers littered are 750ml or bigger and hence introducing 'on the go' DRS would not encourage collection and recycling of these drinks used 'on the go', with these containers continuing to be littered or thrown into street litter bins.
  - Containers that should be included in the DRS should include PET, HDPE, steel and aluminium, glass, tetrapak cartons, disposable hot drink cups and milk based drinks.
  - Take back of containers to be done using a combination of Reverse Vending Machines and manual take back.
  - All retailers of drinks in containers to be required to offer a return point unless they fall below a potential de-minimis. Although no de-minimis level is set in the consultation it is likely to be based on the size of business either in turn over or outlet size).

#### **4.29 CONSISTENCY IN HOUSEHOLD AND BUSINESS RECYCLING COLLECTIONS**

- 4.30 Government wishes to see a consistent range of dry materials collected from all households, as well as weekly separate food waste collections and free garden waste collections.
- 4.31 Household recycling rates have plateaued at around 45% and some local authorities have stopped services such as food waste or do not collect the full range of recyclable materials. There are few incentives to improve recycling. Government wants to see recycling rates significantly above 50%, with a move towards much higher rates of 65%.
- 4.32 The mix of current recycling systems (including the colour of bins) are felt to be confusing for the public and this does not help recycling performance, leading to increased levels of contamination and reduced quality of what is recycled. Producers can help by making packaging waste more easily recyclable and having clearer labelling to avoid confusion as to what can be recycled.
- 4.33 Consistency (applying to both households and flats) is considered to mean all local authorities collecting the same core set of dry recyclable materials, to provide separate food waste collections and to follow guidance on minimum standards. Dry

recyclables would include plastic bottles and plastic pots, tubs and trays, glass packaging (bottles and jars), paper and card, and metal packaging. Performance at Household Waste Recycling Centres (HWRCs) is assumed to continue at current levels.

- 4.34 All householders would recycle the same materials but how they would do so could be determined at a local level, taking account of what is Technically, Environmentally, Economically and Practicable (TEEP). However co-mingled collections should generally only be considered where separate collection is not appropriate under TEEP. Statutory guidance (expected by 2021) will be provided to help with decisions on separate collection. This guidance will provide details for services to households, HWRCs and flats and include details on type of collections, frequency and capacity. It is possible that a standard form of specification for collection services may be made available for Waste Collection Authorities (WCAs) to use. Implementation is expected from 2023.
- 4.35 The core set of materials to be collected will be updated, as required, in the future. Any new materials added would be subject to further consultation.
- 4.36 Authorities that have contracts with In-Vessel Composting (IVC) facilities, for mixed food and garden waste, will be required to collect the materials separately but can then subsequently mix it together to meet pre-existing contractual requirements. The longer-term preference is to see separately collected food waste going to Anaerobic Digestion (AD) facilities.
- 4.37 A free fortnightly garden waste collection service is proposed in order to increase participation, capture and reduce the amount of garden waste in the residual waste stream. Recycling rates are expected to increase as a result.
- 4.38 It is suggested that local authorities, collecting residual waste on a fortnightly basis, will not have to reduce their capacity or frequency of collection as a result of these proposals.
- 4.39 Non-binding (non-statutory) performance indicators are proposed and it is suggested that it may be appropriate to have separate indicators for garden, food, dry recycling and residual waste performance. Information is to be captured through the current WasteDataFlow system used by local authorities.
- 4.40 Views are also sought on the potential for developing recycling metrics in addition to those based on weight, with a move towards 'impact-based targets' proposed. This is partially because of a perceived reliance on large volumes of garden waste for higher performing local authorities and of local authorities currently avoiding plastic collections because the material is light.
- 4.41 The opportunities for improved joint working between authorities is considered, with the stated preference for partnerships formed by local authorities themselves, based on shared values and objectives. Government's commitment to review the current Recycling Credit system is restated along with the intention to do so as reforms to producer responsibility develop.
- 4.42 The financial pressures on local authorities is recognised, with the promise of funding to meet any new net costs (accounting for savings in increased recycling, reduced garden waste income and reduced residual waste costs and which would otherwise lead to an increase in Council Tax if it was not additionally funded by Central Government) arising from the outcomes of the consultations, including both net up front transitional costs and net ongoing operational costs. Funding would be

a consideration for the next Spending Review period. Additional on-going data requirements for local authorities can be expected, along with the need to be able to identify the full costs of their waste services.

4.43 Similar proposals are outlined for businesses and other organisations where it is felt that there is the potential to make a significant contribution to the overall municipal recycling rate. Municipal waste is defined as waste from households and similar materials collected from other sources.

4.44 In summary it is suggested that the measures set out in this consultation could help to:

- Increase the quantity and quality of household and business recycling
- Make recycling easier for householders, helping them to put waste materials into the correct recycling bins
- Reduce the cost of household collections and the charges that businesses would pay for enhanced recycling services
- Ensure there is a reliable supply of quality material for secondary materials markets
- Support comprehensive waste and recycling collections through establishing minimum service standards
- Give confidence to producers that an increased amount of recyclable material will be collected and returned to secondary materials markets to be reprocessed - this will support proposals under packaging EPR and a DRS for drinks containers
- Improve investor confidence and help increase UK-based recycling capacity and minimise dependence on overseas export markets for recycling
- Ensure an increased amount of separately-collected food waste and garden waste can be recycled through anaerobic digestion and composting, respectively
- Improve estimates of the demands for future recycling and residual waste treatment infrastructure
- Ensure only what is necessary is sent for energy recovery or to landfill. This will help to reduce greenhouse gas emissions from residual waste disposal and be beneficial for the environment

4.45 A further consultation is proposed in late 2019 or early 2020 on any required regulatory change and on potential supporting guidance.

4.46 The Council's proposed response

- Households across the country should be able to recycle a core set of dry materials – glass bottles and containers, paper and card, plastic bottles, detergent/shampoo/cleaning products, plastic pots, tubs and trays, steel and aluminium tins and cans.
- Households should have weekly food waste collections if costs are covered by Government.
- Free garden waste collection should be available for all households with costs covered by Government and no detriment to Councils' already providing free garden waste collections.
- The method for collections at the kerbside including twin-stream (e.g. paper/card collected separately from other material) should be locally determined.

- The option to offer a weekly mixed food and garden weekly collection should be locally determined, with additional net costs met by the Government.
- Support the move (over time as contracts for new bins come up) to consistent colours for bins/boxes/bags. With the option to use consistent colours of stickers on bins/boxes/bags as a temporary measure providing the full cost is covered by the Government.
- Strategy proposals on the minimum residual waste collections should be reviewed if they do not deliver the required levels of recycling or if the additional capacity leads to an increase in residual tonnages.

#### **4.47 PLASTIC PACKAGING TAX**

- 4.48 In its 2018 Budget, Government announced its intention to introduce a new tax on plastic packaging, intending to provide a clear incentive for businesses to use recycled plastics in the production of plastic packaging, creating greater demand for plastics and stimulating rates of collection. This aligns with the intentions of the consistency in recycling collections consultation and will complement EPR.
- 4.49 Government proposes that the tax will apply to all plastic packaging manufactured in the UK and also to any unfilled plastic packaging imported. Tax to be applied at the point in the manufacturing process which is most likely to be effective in driving behaviour change. A view is sought on whether placing a tax on plastic packaging which contains less than 30% recycled material is an appropriate level.
- 4.50 Bio-based plastics and plastics that are compostable, bio-degradable and oxo-degradable (Oxo-Biodegradable plastic uses metal salts to start degradation and to speed up the process, which result in extremely small fragments of plastic that no longer “visually” pollute the environment”) are within scope of this new tax as the objective is to create a shift towards the use of recyclable material and therefore create a market for what is being collected.
- 4.51 The 30% recycled content is based on business responses given in an earlier call for evidence about current levels of recycled content. Additionally some businesses have already pledged to have an average 30% recycled plastic in their plastic packaging by 2025.
- 4.52 Government recognises that there may be some instances where the use of recycled material is prohibited and also that a ‘de minimis’ threshold may be necessary to ensure that small businesses are not unduly penalised.
- 4.53 By April 2022 those liable for tax will have to register with Her Majesty’s Revenue and Customs (HMRC). HMRC will be given new powers to ensure compliance and apply appropriate sanctions, similar to those already in place for other taxes and duties. Current tax penalties will be extended to include the plastic packaging tax. Government’s intentions are expected to be announced in the Autumn 2019 budget statement, with further consultations on the detail in due course.
- 4.54 Most, if not all, of the questions in this consultation are considered to be for the packaging industry to answer.
- 4.55 The Council’s proposed response

- Any plastic packaging with less than 30% recycled content will be subject to a new tax on the manufacturers of plastic packaging or importers of unfilled plastic packaging
- The tax should be expanded to other packaging materials not just plastic to encourage a circular economy and better recycling rates.
- The tax should be modulated – with a tax that reduces (effectively to zero) as the recycled content in packaging increases.
- The tax should be ring-fenced to meet the costs of collecting and treating hard to recycle plastics.

## **5.0 Financial Implications**

- 5.1 None directly arising from this report. Any Extended Producer Responsibility could result in a shift in how local authority waste services are funded. There is little detail on the definition of what ‘full net costs’ means in terms of funding, what it covers or how the funding would flow from producers to local authorities.
- 5.2 The financial implications of the Government’s Strategy on Waste Services in South Derbyshire resulting from the outcome of the consultations will be brought to a future Committee for consideration.

## **6.0 Corporate Implications**

### **Employment Implications**

- 6.1 None directly arising from this report

### **Legal Implications**

- 6.2 None directly arising from this report

### **Corporate Plan Implications**

- 6.3 The Strategy proposes some significant changes in waste policy, some of which may have an impact on local authority waste services. The scale and impact will not be known until after the consultation process.

### **Risk Impact**

- 6.4 The Corporate and Departmental risk registers will be updated with any risks identified once the consultation process concludes.

## **7.0 Community Impact**

### **Consultation**

- 7.1 Where future collection regime changes are required, and options exist, then the Community will be consulted.

### **Equality and Diversity Impact**

7.2 All future collection options will be evaluated for their impacts on Equality and Diversity.

### **Social Value Impact**

7.3 Waste-related criminal activity costs the economy hundreds of millions of pounds per year. Rogue operators illegally dump or export waste, undermining legitimate businesses by disposing of waste cheaply and recklessly. This deprives the economy of tax income and harms the environment and local communities. Tackling this crime will ensure that resources are properly recycled or recovered and fed back into the economy and local communities are not blighted by illegal waste deposits.

### **Environmental Sustainability**

7.4 The plan for a more circular economy should see resources kept in use as long as possible, and extract the maximum value from them, whilst minimising their impact on the environment.

## **8.0 Conclusions**

Significant changes in waste policy are proposed, some of which may have an impact on local authority waste services. The four consultations are largely 'evidence gathering' and many of the proposals will be subject to further consultations which will provide greater detail on the impacts for local authorities.

## **9.0 Background Papers**

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

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

<https://consult.defra.gov.uk/environment/introducing-a-deposit-returnscheme/consultation/intro/>

<https://consult.defra.gov.uk/environmental-quality/plastic-packaging-tax/consultation/>