



Transport, Economy and Environment Overview and Scrutiny Committee

17 April 2019

Report of the Corporate Director Business and Environmental Services

DEFRA/HM Treasury Consultations on Elements of the Resources and Waste Strategy

1.0 Purpose of Report

- 1.1 To inform TEEOSC of the following consultations covering elements of the Resources and Waste Strategy:
- DEFRA consultation on consistency in household and business recycling collections in England
 - DEFRA consultation on reforming the UK packaging producer responsibility system
 - DEFRA consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland
 - HM Treasury consultation on plastic packaging tax
- 1.2 To invite the Committee to comment on the draft responses on behalf of the County Council to be sent to DEFRA and HM Treasury.

2.0 Executive Summary

- 2.1 In December 2018, the government published the Resources and Waste Strategy pledging to leave the environment in a better condition for the next generation. This Strategy is to be supported by a series of consultations on known problem areas, such as packaging waste. The consultations considered in this report are the first of those.

3.0 Key Background Information

- 3.1 The strategy and consultations can be found here:
- 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
 - Consultation on Consistency in Household and Business Recycling Collections in England
<https://www.gov.uk/government/consultations/waste-and-recycling-making-recycling-collections-consistent-in-england>
 - Consultation on reforming the UK packaging producer responsibility system
<https://www.gov.uk/government/consultations/packaging-waste-changing-the-uk-producer-responsibility-system-for-packaging-waste>
 - Introducing a Deposit Return Scheme (DRS) in England, Wales and Northern Ireland
<https://www.gov.uk/government/consultations/introducing-a-deposit-return-scheme-drs-for-drinks-containers-bottles-and-cans>
 - Plastic packaging tax
<https://www.gov.uk/government/consultations/plastic-packaging-tax>

3.2 The consultation on plastic packaging tax is open until 12 May 2019 with the other three consultations being open until 13 May 2019. Draft responses to the consultation questions are being drafted and this report highlights some of the key issues and proposed approach to responses.

4.0 Consistency in household and business recycling collections in England - Consultation

4.1 This consultation is concerned with measures to improve the quantity and quality of what we recycle both at home and at work. Government believe these measures will help to transform recycling and increase recycling rates significantly above 50% towards the much higher recycling rates of 65% that have been set as ambitions in the Resources and Waste Strategy.

4.2 The Government says it recognises the pressures on local authorities. Local authorities will therefore receive additional resource to meet any new net costs arising from the policies set out in the consultation when implemented. This includes both net up front transition costs and net ongoing operational costs. A summary of the measures being consulted on to increase household recycling is provided below.

4.3 Government are consulting on proposals:

- for all waste collection authorities to collect the same core set of dry recyclable materials from all types of households
- for all waste collection authorities to have separate weekly food waste collections from all households by 2023
- on whether waste collection authorities should provide a free garden waste collection service for households with gardens during the growing season
- on how to achieve greater separation of dry materials in collections, especially paper and glass to improve the quality of dry recyclables collected from households
- on whether statutory guidance on minimum service standards for waste and recycling services should be introduced (including a minimum expectancy of fortnightly residual waste collection)
- on how to develop non-binding performance indicators to support local authorities to deliver high quality and quantity in recycling and waste management
- on how to support joint working between local authorities on waste
- on alternatives to weight-based targets
- on the benefits of standardised bin colours for waste and recycling

4.4 The consultation also includes proposals to improve recycling from businesses and other organisations that produce municipal waste. This includes proposals for:

- all affected businesses and organisations to segregate dry recyclable materials from residual waste so that these can be collected for recycling
- all affected businesses and organisations to separate their food waste to be collected and recycled or composted
- measures to reduce costs of waste collection for businesses and organisations
- measures to improve the availability of data and information on business waste and recycling

5.0 Key Implications - Consistency in household and business recycling collections in England

- 5.1 In theory the proposal to collect a core set of materials makes sense. If other materials are to be added then these should be included from the start to ensure there are no further changes to the requirements for collection, processing, contracts and for residents. Most authorities in York and North Yorkshire already collect the core set so that would not be a great change. However, there are concerns over the lack of markets for materials and where the risk lies if markets fail to appear. It is not clear if the core set of materials will apply to household waste recycling centres (HWRC).
- 5.1.1 Clarity is needed as to how Government will ensure additional resource is given to meet any new costs resulting from collecting and reprocessing of the core dry recycling materials including financial costs of changes within this Council's long term contracts. Concerns are that funding will be focussed on easily gained improvements in low performing mainly urban areas and those with a low cost base, moving potential funding away from more rural authorities.
- 5.2 Currently, 51% of waste collection authorities in England collect food waste separately from residual waste. Out of this, 35% collect this separately on a weekly basis; 12% collect food waste mixed with garden waste, usually on a fortnightly basis; and the remaining 4% operate both systems. There have been a number of local authorities who have discontinued collections for food waste on the basis of financial viability including Barnet Council and Wychavon District Council.
- 5.2.1 Independent assessment of collection methodologies and treatment facilities has shown that separate food waste collections would be a more costly option for North Yorkshire. Treatment capacity for food waste collected with the residual waste stream is provided at Allerton Waste Recovery Park - this does not require separate collections. Separate collection and treatment of food waste would have a significant impact upon the compositional make up and amount of waste covered by our long term waste contract for Allerton Waste Recovery Park (AWRP).
- 5.2.2 Food waste collection would also damage the impact of the County Council's waste prevention campaigns based on successfully reducing food waste and increasing home composting across North Yorkshire.
- 5.2.3 We would therefore advocate against separate food waste collections.
- 5.3 Evidence shows that the introduction of free garden waste collections to all households would not be practicable and would also discourage home composting, which is the preferred method of dealing with waste within the waste hierarchy. Charges for garden waste collection provides an income stream that is used to offset costs to some district councils. Six of the seven waste collection authorities (district and borough councils) in North Yorkshire currently charge for garden waste collection. Any additional garden waste collected would have a significant impact on the County Council financially as it would increase the amount of recycling credits/incentive payable and processing costs through our contractors. It is proposed that NYCC does not support proposals to remove the ability of councils to charge for the collection of garden waste and that local authorities should be able to choose whether to make a charge for garden waste collections. Evidence from within North Yorkshire suggests that free collections are not required in order to achieve high recycling performance, and that charging does not reduce tonnages collected to the same levels as Government have indicated is likely within the consultation document. Free garden waste collections may also increase the total amount of waste arising within North Yorkshire as more waste is captured.

- 5.4 Separate collections of each dry material type are not always necessary if councils can demonstrate a suitable quality of the resulting material through mixed collections.
- 5.5 It is proposed that North Yorkshire County Council does not support the introduction of a minimum fortnightly refuse collection frequency, we believe this is something that councils should be able to determine themselves. Restricting refuse capacity is a strong driver for increased recycling and once the recycling, garden and food waste is removed, there is very little left to be disposed of in the refuse bin which allows for lower frequency collections. The focus should be on outcomes, leaving local councils free to decide when to collect materials on the basis of what works for them, based on technically, environmentally and economically practicable (TEEP) assessment. These decisions should be made locally taking into account the local area, housing types and demographics. It is proposed that we agree with the principle of a standard set of materials, but how this is collected and the frequency of collection should be down to individual councils.
- 5.6 The non-binding performance indicators can be supported in principle but it is suggested that the indicators include the HWRC performance within the district comparators so that it addresses where there are different numbers of HWRCs in a council area, providing a better measure of true household yield levels across each area.
- 5.7 Proposals to develop alternatives to weight based metrics for waste and resources (such as carbon intensity) provide opportunities to better reflect the whole life environmental impacts of waste. However, any non-weight based metrics would need to take into account the variations of rurality and the socio-demographics of the local area to ensure local authority performance reflects local issues.
- 5.8 The efficiency and consistency of local authority waste services are often improved with economies of scale. Where they exist, effective partnerships can deliver greater efficiency such as the joint working of NYCC and City of York with Allerton Waste Recovery Park (AWRP). Partnership working is not just between the two-tiers of local government, there needs to be opportunities for joint inter-district working. The main issues for progressing partnerships are:
- that there is a lack of a sufficiently strong incentive
 - there is no imperative (nothing making it happen)
 - the desire for local authorities to retain autonomy, local governance and control of their own systems, hampering joint working
 - deep seated/endemic lack of trust between different levels of local government
 - sovereignty
 - limitation in benefits – a perceived inequity of how benefits might be shared.
- 5.8.1 Capacity exists at the existing two-tier level to make partnership working effective, but the things listed above prevent it happening. Greater partnership working between councils should be supported. There are a number of other options that government could progress to improve this area including mandating statutory joint waste authorities, divesting responsibilities to a single tier of authority, creating new bodies to manage municipal waste, change funding structures to put money through upper tier authorities and strengthening the powers of direction.
- 5.9 There are potential opportunities to be gained from the proposals to include businesses that produce household-like waste. There are many businesses in North Yorkshire who may be able to benefit from these proposals, increasing their recycling rates and reducing refuse disposal costs.

- 5.10 With all of the proposals it is proposed to seek further clarity from the Government around the 'full net cost recovery' that is to be offered to fund the changes resulting from the implementation of the new Strategy. Where local authorities have long term (standard form) contractual arrangements the implications for costs around contractual amendments, performance targets and Qualifying Changes in Law need to be considered within the calculation of 'full net cost recovery'.
- 5.11 In the consultation where funding is mentioned it appears to consider aspects of collection, treatment and communication but there is no consideration of waste prevention which is the preferred option according to the waste hierarchy.

6.0 Reforming the UK packaging producer responsibility system - consultation

- 6.1 This consultation is concerned with reducing the amount of unnecessary and difficult to recycle packaging and increase the amount of packaging that can 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 better design - consistent with the polluter pays principle and the concept of extended producer responsibility.
- 6.2 Packaging producers would be expected to fund 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.
- 6.3 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 would be required to collect a core set of packaging materials from households for recycling (DEFRA consultation on consistency in household and business recycling collections in England). This requirement would be mandated in the new regulations. This packaging would include items on the 'approved' list of recyclable items.
- 6.4 Government are consulting on proposals to make 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

7.0 Key Implications - Reforming the UK packaging producer responsibility system

- 7.1 The principle of Extended Producer Responsibility (EPR) is strongly welcomed, including:
- 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
- 7.2 The proposal needs more clarity on:
- whether local authorities have to meet the minimum service standards for the household waste collection service (proposed in the consultation on consistency) to access the producer funding
 - whether the definition of minimum service standards either includes or excludes garden and food waste collection standards
 - the minimum frequencies of refuse collection for household waste collection.
- 7.2.1 It is not currently clear whether it is just the dry recycling core set of materials that needs to be met to access the producer funding, and we propose that this is our preferred option.
- 7.3 The proposals need to incentivise local authorities to increase the quality and quantity of materials they recover for recycling, rather than maximising the geographical coverage of recycling, which could undermine the cost base of the scheme. Any incentive needs to be an additional payment for recycling more/improving quality - there should be no penalty for not achieving any new requirements.
- 7.3.1 There are concerns over the lack of demand for the materials collected for recycling although Government suggest that this will be improved by EPR and the plastic packaging tax.
- 7.4 The key principles do not appear to include consequential costs such as changes to calorific value of residual waste, costs associated with not meeting guaranteed minimum tonnages within existing waste contracts, transport costs, local disposal options and rurality. Reducing inputs into AWRP may increase the cost per tonne and change the composition of waste resulting in the potential for contractual claims and re-negotiation of the long term contract and/or the Teckal contracts with Yorwaste. It is not clear if these costs are covered within the definition of full net cost.
- 7.5 Of the four proposed options being consulted on for managing the EPR scheme, option 2 would appear to be the most practical and straight forward. In this option a not for profit organisation would manage the administration of the scheme including allocation of funding. Option 1 is similar to the existing Packaging Recovery Note (PRN) scheme which has not produced the outcomes anticipated and very little funding has been transferred to Local Authorities. Option 3 is a mix of option 1 and 2 and may lead to the scheme focussing on Commercial and Industrial wastes and Option 4 is a theoretical economical untested model.
- 7.6 Further clarity is needed on how all of the schemes would distribute funding.
- 7.7 Labelling packaging as Recyclable or Not Recyclable will make it clearer for residents to identify which receptacle it can go in and will help with contamination issues.

8.0 Introducing a Deposit Return Scheme in England, Wales & Northern Ireland – Consultation

- 8.1 This consultation seeks views on proposals to introduce a Deposit Return Scheme (DRS) for drinks containers in England, Wales and Northern Ireland. The proposals refer to systems where the consumers pay an upfront deposit on purchasing the container which they must then return to redeem the deposit.
- 8.2 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.
- 8.3 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, and we would argue that they are.

9.0 Key Implications - Introducing a Deposit Return Scheme in England, Wales & Northern Ireland

- 9.1 Whilst the consultation on extended producer responsibility (EPR) is welcomed and should deal with all recyclable containers through the producer pays principle, the basic principles of a DRS add cost and provide a potential overlap between the two schemes.
- 9.2 DRS is a type of extended producer responsibility. It therefore duplicates elements of the separate proposals to reform 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). It is suggested that NYCC's response be that a DRS should only be introduced if the EPR fails to deliver the anticipated outcomes for these materials. If a DRS is introduced, it should be focussed on tackling litter, and hence be a UK wide ‘on-the-go’ scheme rather than an all in approach. This will reduce the possible impact on the current recycling collections and contracts throughout North Yorkshire.
- 9.3 One key aim of a DRS is to reduce litter. To ensure that it tackles commonly littered materials, it is proposed that the scheme should include single use cups, pouches and cartons. This will also minimise the detrimental impacts on any current recycling collections throughout North Yorkshire.
- 9.4 If there is a DRS, there is reference to local authorities being able to receive money from deposits on material they collect (either through kerbside/litter/litterbins/HWRCs) although it is unclear as to how this will operate.
- 9.5 The proposal to exclude milk bottles from any DRS could lead to consumers being confused.

- 9.6 Although an on-the-go system could be of benefit, there are concerns regarding the infrastructure that is needed to operate a system, especially in a rural area. We are concerned how a DRS will impact rural areas and that the scheme may not be very fair to residents and retailers in these areas.
- 9.7 Small village shops are unlikely to have space for reverse vending machines, nor space to store returned containers if handed back over the counter in large quantities. These small businesses may be considered as exempt from having to return deposits, but that leaves residents in rural areas disadvantaged from being able to recover their deposits. How a DRS will operate in rural areas is a significant uncertainty recognised in the consultation.
- 9.8 Recycling facilities in towns and villages have been removed in many parts of North Yorkshire as kerbside schemes have taken over the need for bring banks. It is questioned whether communities in villages and towns would be keen to see the return of containers for collection of DRS materials returning to their areas, especially due to the visual impact on local street scene, potential fly-tipping alongside the reverse vending machines, and over flowing containers if they are not emptied frequently enough.
- 9.9 Prior to carrier bag charges the take back scheme for plastic bags recycling within supermarkets saw many of the containers within the North Yorkshire shops being removed. Previous experiences of take back schemes such as for WEEE (waste electrical and electronic equipment) and for fridges and freezers has also shown that companies do not want to collect from remote rural areas.
- 9.10 It is clear that the minority of people that litter now will continue to do so whether there is a DRS or not, but the number of litter pickers will increase. Those that might benefit from a DRS include community groups that organise litter picks in order to take advantage of the fundraising opportunity.

10.0 Plastic Packaging Tax Consultation

- 10.1 The government is planning to tax plastic packaging that contains less than 30% recycled material to stimulate end markets for plastic and promote better design of packaging. This 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 the EPR reforms.

11.0 Key Implications – Plastic packaging tax

- 11.1 This proposal is key to driving the demand for recycled plastic. Creating markets for recycled plastic is crucial to ensure that the plastic collected by councils is recycled within the UK.
- 11.2 This proposal to encourage more recycled content should support the aspects of the other proposed reforms to the national resources and waste system.
- 11.3 Most of the questions in this consultation are of a very technical nature but the proposal is that NYCC supports the principle of the plastic packaging tax, but that we are not best placed to respond to many of the questions which are largely matters for industry.

12.0 Key implications

12.1 Local Member

All

12.2 Financial

There may be significant positive and negative financial implications from any legislation resulting from these consultation proposals. As yet there is insufficient clarity to determine the actual effects of the proposals being consulted on. Most policies are not proposed to be implemented until 2023, so there is no immediate impact on budgets. Further consultation exercises will provide more definition on the financial calculations, definition and implications of the agreed approach.

12.3 Human Resources

None

12.4 Legal

Legal obligations would likely be significant (e.g. minimum service standards) but there is insufficient detail at this stage of what these implications might be and there is no immediate impact.

12.5 Equalities

None, as these proposals are consultation exercises on key principles (and some are subject to further consultation) there is insufficient information on which to base an Equalities Impact Assessment.

12.6 Environmental Impacts/Benefits

There may be significant environmental impacts and benefits from any legislation resulting from these consultation proposals. As yet there is insufficient clarity to determine the actual effects of the proposals being consulted on. Most policies are not proposed to be implemented until 2023, so there is no immediate impact on the environment.

13.0 Conclusion

- 13.1 The consultation proposals are broadly welcomed but will require some refinement and clarity regarding the scope and funding. It is likely that the proposals will impact on the amount and type of waste collected and disposed, and how waste will actually be collected and disposed. Further consultations will be required for some proposals. Key to any changes are the proposals on funding which are unclear at present.

14.0 Recommendations

14.1 It is recommended that Members:

- Consider the issues raised by the consultations covering elements of the Resources and Waste Strategy:
 - DEFRA consultation on consistency in household and business recycling collections in England
 - DEFRA consultation on reforming the UK packaging producer responsibility system
 - DEFRA consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland
 - HM Treasury consultation on plastic packaging tax
- Offer thoughts on the main issues and give views on the draft responses attached.

15.0 Reasons for Recommendations

- 15.1 To ensure that Members are kept up to date with developments in the waste sector. The consultations detail the proposed changes to waste policy that will have significant implications on all local authorities.
- 15.2 To inform TEEOSC of the County Council's proposed responses to the consultations.

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Background papers relied upon in the preparation of this report:-

<https://www.gov.uk/government/consultations/waste-and-recycling-making-recycling-collections-consistent-in-england>

<https://www.gov.uk/government/consultations/packaging-waste-changing-the-uk-producer-responsibility-system-for-packaging-waste>

<https://www.gov.uk/government/consultations/introducing-a-deposit-return-scheme-drs-for-drinks-containers-bottles-and-cans>

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

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

For further information contact the author of the report.