

Sancroft's take on the Resources & Waste Strategy: What does this mean for business?



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Defra's Resources and Waste Strategy (RWS) has been long-awaited. Published earlier this week, the 140-page report sets out a vision for consistent waste management and effective resource recovery that champions world-leading environmental stewardship, amidst the Brexit rollercoaster.

With industry and other stakeholders having waited patiently for the contents to be released, many will be relatively disappointed with an absence of detail on a number of measures. This sentiment is reinforced by the fact that most of the headline stories, including a UK Deposit Return Scheme (DRS) and the 'plastic tax,' have been previously disclosed. In contrast, the decision to consult on mandatory food waste collections has come as a welcome surprise to many, particularly those who tirelessly campaigned for their inclusion over the past year.

The recommitment to matching, and where possible exceeding, the EU Circular Economy Package (CEP) directives is welcomed, and it is hoped that targets can indeed be strengthened to exceed those of our European counterparts. Defra clearly sees environment policy as one area where the UK can be a global leader - offering a "once-in-a-lifetime opportunity" to shape its own environmental policies.¹ As we fast approach the year's end, the next few months will be critical in shaping specific details behind the commitments, and a significant opportunity for industry to have its voice heard in upcoming consultations.

Here we highlight the key takeaways from the RWS, and what this might mean for business.

Consistent collections

In a move that will be hotly debated by local authorities, subject to consultation, Defra will legislate to allow Government to specify a core set of materials to be collected by all local authorities and waste

¹ <https://www.businessgreen.com/bg/news/3018443/michael-gove-hails-once-in-a-lifetime-opportunity-to-deliver-green-brexite>

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operators.² This is a welcome move that will begin to simplify collections for local authorities and ensure the benefits of recyclable materials are fully realised. The emphasis on business waste is also welcome, where recycling rates tend to be lower than household collections.

Producer obligation reform (see below) will help determine which materials are designated for universal collection – and it will become more economical for producers to use more of these materials. However, the consultation should take into account the needs of businesses of all sizes, and business needs to make its case as to why certain materials are advantageous in certain applications.

It is important to see this as part of a holistic package of measures. Local authorities should be empowered to collect as many valuable materials as possible in the most efficient way for the lowest cost. Diverting valuable material, as we will touch on as part of the deposit return scheme debate, must be weighed up alongside other initiatives such as this move to consistent collections.

Food waste

Chapter 5 offers a sustained attempt to address the 'moral scandal'³ of food waste and an overarching commitment to eliminate it from landfill by 2030. The big policy announcement lies in Chapter 3, however, in which the Government will look to legislate for weekly separate food waste collections from 2023, to be followed by garden waste. Given only 32% of local authorities in England currently offer separate food waste collections,⁴ this is a significant step towards achieving consistency across the board and preventing food waste in residual ('black bag') collections. Perceived costs of implementing mandatory food waste collections has been one of the major concerns voiced by local authorities against separate collections. While additional details on funding requirements are far from clear, it is recognised that these will play a fundamental part in the consultations around consistent collections.

² Defra's Resources & Waste Strategy, December 2018, p. 68

<https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england>

³ RWS, p. 4

⁴ http://static.wrap.org.uk/consistency/Learn_more_about_the_evidence.pdf

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This announcement is a big win for many who campaigned for separate food waste collections, and a positive step towards addressing the 7 million tonnes of food waste per year – 5 million of which is still categorised as edible. While reduction is clearly championed in line with the waste hierarchy, a £15 million pilot fund is to be established next year that will seek to augment redistribution by supporting businesses, organisations and charities. Further to this, there will be a consultation on mandatory food waste reporting for larger food businesses, in line with UN Sustainable Development Goal 12.3 on global food waste and loss. Part of this could entail food waste reduction targets and redistribution obligations. For the hospitality sector, the strategy also points to future guidance and industry best-practice that will support ongoing actions towards cutting waste along supply chains.

In short, Defra has made food waste a focal point of its strategy moving forward. With separate food waste collections offering a reliable waste stream, it also opens up significant opportunities for valuable treatment options. In particular, anaerobic digestion (AD) is identified as the champion here, with the Government describing it as the 'best environmental outcome'.⁵ There is also clear recognition of the importance of minimising contaminants in food waste to ensure high quality digestate, and a commitment to work with the Environment Agency to ensure any concerns are addressed.

Bio-based and biodegradable packaging

Defra has announced a Call for Evidence on the development of standards for bio-based and biodegradable plastics. This is a welcome move, and one that will help dispel the concerns of many who have questioned the lack of regulation around these materials, and the absence of accurate and verifiable information in the public space.

While the strategy recognises that bio-based and biodegradable materials could mitigate some of the environmental impacts of plastic, the government expresses concern around the absence of standards and unverified claims about their biodegradability and appropriate end-of-life treatment. The Call for Evidence aims to assess the demand, benefits and implications of bio-based and biodegradable plastics, and address how the absence of such standards can be rectified.

⁵ RWS, p. 71

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Helpfully, the Government acknowledges that bio-based and biodegradable materials require their own waste streams and offer distinct contributions to the packaging agenda – and this understanding should guide subsequent policy. This presents a considerable opportunity for industry to help shape these standards going forward.

Extended Producer Responsibility (EPR)

As expected, EPR - the policy approach that places the cost of a product's end-of-life with the producer – is a central pillar of the RWS. Most European countries operate a system of EPR – to varying levels of responsibility.⁶ The UK stands to be a leader here, committing to legislating for businesses to cover 100% of the net cost.

In a nod to industry calls for reform, Defra outlined 9 points to guide its framework for EPR⁷:

- 1. Clear outcomes, objectives, targets and responsibilities**
- 2. Producers bear the full net cost of managing their products at the end of their life**
- 3. Modulated fees or other measures to encourage sustainable decision making**
- 4. Easy for consumers to play their part**
- 5. All producers are expected to pay into the system**
- 6. Costs to producers are fair, necessary and transparent**
- 7. Government will support measures relevant to a scheme's targets and objectives, and ensure that costs to local authorities are met where appropriate**
- 8. EPR measures should complement other policy measures**
- 9. Appropriate governance, compliance and enforcement arrangements**

Many of the principles are well in line with the kind of reform that industry at large has been pressing for; incentivising good material choices, standardising materials, better communications, and removing the unfair competitive advantage of exporting waste. Crucially, Defra has stated that

⁶ <https://eupen-packaging.eu/policy/9-extended-producer-responsibility.html>

⁷ RWS, p. 32

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producers will cover the full net costs of packaging waste. Subject to consultation, this may include: collection, recycling, disposal, reduction of littering and fly-tipping, communications, data collection and reporting, compliance monitoring and enforcement.⁸ Packaging producers should expect their bills to increase significantly, and should the legislation indeed cover the cost of littering or of public-facing communications, for example, then the costs to industry could be very high indeed.

One interesting area, and in line with Defra's commitment to circularity, is through 'reverse logistics' and encouraging retailer take-back. This is of particular relevance to the vending industry, where closing the loop will be encouraged and stands to be a way in which some of the financial penalties of using difficult to recycle plastics could be mitigated.⁹ These kind of business initiatives have gained attention particularly in fashion - as the recent Environmental Audit Committee's session on 'fast fashion' exemplified.¹⁰ There are opportunities for packaging manufacturers to show their commitment to closing the loop and taking the lead through 'reverse logistics'.

Finally, in a win for the packaging industry, the Government has not specifically called out black plastic for a ban or specific 'levy', but rather has cited industry initiatives and producer responsibility reform as being sufficient – for now. EPR stands to be an important consideration for businesses heading into 2019.

Previously disclosed commitments

The RWS reiterates Defra's commitment to the headline 'plastic tax' – on any packaging with less than 30% recycled plastic. Businesses will have until April 2022 to 'adapt their processes'. The RWS is disappointingly lacking in detail on this measure, simply claiming it is subject to consultation. This does little to assuage the concerns of many in industry who are of the view that there is simply not the necessary supply of domestic recyclate, and that there needs to be development in the manufacturing of food-grade recycled content.

⁸ RWS, p. 35

⁹ RWS, p. 48

¹⁰ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/environmental-audit-committee/news-parliament-2017/chairs-comments-fast-fashion-17-19/>

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Likewise, the RWS gives a passing mention to DRS, with a distinct lack of detail, again, subject to consultation. Defra cites a UK recycling rate of 'around 70%' for plastic bottles, aluminium cans, and glass bottles as opposed to European countries with both a DRS and some kind of household collection where rates can be 'as high as 95-98%' for plastic bottles, and between 87% and 97% for aluminium, steel and glass. Any scheme must take into account the unique nature of household collections in the UK and ensure that there are no material shortages for local authorities who must continue to collect. Other kinds of plastic will remain a significant gap to close, such as plastic films and polystyrene. The NGO community has criticised the timescale of the UK Government, with the devolved administration in Scotland planning to implement its DRS by 2020 - the UK scheme not until 2023.

As always, the devil will be in the detail, and industry will undoubtedly make its voice heard when these two respective consultations open.

Conclusion

The absence of further bans will be seen as good news for many in industry, reflecting Defra's stated preference to 'help people and companies make the right choice, rather than banning items outright.'¹¹ That being said, should industry not make progress on materials such as black plastic, or should the EU take a firmer stance on these materials, then the Government stands to change its view. A review of the effectiveness of the RWS is to begin in 2024 and will continue over the subsequent years – by which point Defra will expect progress to be made.

Food waste is one of the headline announcements, and mandatory collection is a victory for those who campaigned strongly for it. Food waste looks set to become 2019's 'plastic' narrative. The EPR announcement is nothing surprising, and industry was expecting full net cost to be covered – but businesses will begin to have far more interest in how their contributions are being spent. Moving forward, infrastructure investment must be in line with increased business contributions.

¹¹ RWS, p. 54

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The opening of these consultations offers an opportunity to shape policy, and industry should be united in calling for all funds raised to go directly into solving the problem, and for there to be wholesale improvements to infrastructures as two priority areas of campaigning. In summary, the RWS has renewed focus on how the UK manages its waste, and how resources are to be preserved for future generations. Business has a large part to play in this, and 2019 stands to be a year where business models begin to adapt to meet these growing expectations of stakeholders.

Sancroft can help you:

- Evaluate your business' position following the RWS and advise on your approach to upcoming consultations
- Understand your exposure to future legislative changes and how to take advantage of them
- Determine actions that align with your strategic priorities to future-proof your business
- Communicate your progress to stakeholders

Sancroft will be hosting a **Breakfast Briefing** on 16th January to uncover what the RWS may mean for your business. Please register your interest [here](#) for further details early in the new year.

KEY MILESTONES

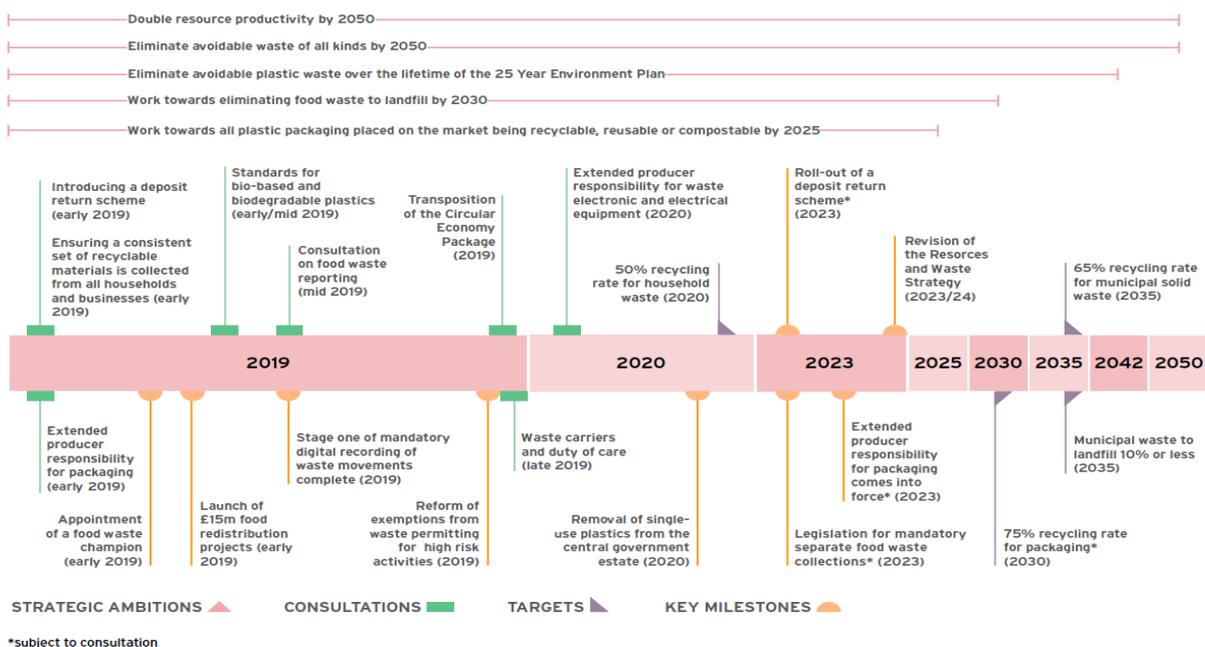


Fig 1. 'Key Milestones': Resources & Waste Strategy, p.13.