

14 May 2019

Environment Update Paper May 2019

Purpose of report

For information.

Summary

The report updates the Board on our response to the Resources and Waste consultations. It highlights the key policy messages, ongoing issues and next steps for this work. It also provides an update in some of the other areas of our work

Recommendations

That the Board note:

1. Process undertaken for gathering data during consultations
2. The 5 key messages from the consultations
3. Detailed issues raised in each consultation (**Appendix A**)
4. Provide guidance on the next steps of our lobbying work on waste and recycling
5. General update on other issues

Action

Officers to take forward any member comments for future policy work.

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Resources and Waste Consultations

Context

1. As the Board is aware the Government launched its ambitious 25 Year Environment Strategy in January 2018. This was followed up by the Resources and Waste Strategy in December 2018. The Resources and Waste Strategy is a very ambitious document requiring significant change. To start this process DEFRA launched consultations into 3 key areas in February 2019:

1.1. Consistency in Household and Business Recycling Collections in England

1.2. Reforming the UK Packaging Producer Responsibility System (EPR)

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

2. At the same time Treasury also launched a consultation into a Plastic Packaging Tax.

Work to date

3. We have had a 12 week window in which to gather feedback from councils and develop our responses. In order to do this we developed a work programme involving all our key stakeholders:

3.1. Achieving sector input: Sector wide survey (Sept 2018), LGA consultation event with councils (April 2019), regular meetings and involvement with District Councils Network and County Councils Network, communications through LGA bulletins, hosted event with local government network chairs i.e. ADEPT, NAWDO (network of waste disposal officers), LARAC (network of officers in waste collection authorities), tele kit with WLGA and COSLA and listened to private sector including ESA, Nestle, Plastics Federation, Valpak (one of the compliance firms involved in the existing producer responsibility scheme)

3.2. Engagement with DEFRA: Attending confidential DEFRA briefings since June 2018, organised food waste deep dive with DEFRA and councils (March 2019), organised council profiling session with DEFRA and WRAP (April 2019), organised impact assessments review session with DEFRA and WRAP (April 2019)

3.3. EEHT Board and members: Engagement with EEHT Board since late 2017, briefed political group offices, good attendance by elected members at LGA consultation

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event (April 2019), lead member briefing to help develop key policy positions (April 2019), lead member sign off of all consultation responses (May 2019).

- 3.4. Engagement of analysts: We engaged Solaire Consulting – specialist waste financial consultants. Aim of this work was to understand DEFRA’s impact assessments.

Key policy messages

4. Our 5 key policy messages across the 4 consultations are:

- 4.1. We support the ambition of increasing recycling rates and welcome the commitment to delivering full net costs. But we aren’t currently reassured that the modelling which exists will deliver true **full net costs** for all councils.

- 4.2. Any funding for local government needs to be treated as additional. Most councils are paying for waste and recycling services through council tax income. Any new funding into the system must go in its entirety to councils if Government wants to achieve higher quantity and quality recycling. An improvement on current recycling levels needs a significant financial uplift.

- 4.3. We recognise the Government’s desire to deliver greater consistency in the materials collected. Around 70% of councils already collect the proposed set of materials, with the gaps being glass and plastic pots, tubs and trays. Councils need the funding to support the expansion of their services to cover new materials. The sector supports food waste if it is covered by new burdens. But garden waste remains an area where Councils should continue to be allowed to charge for collection.

- 4.4. Councils should be free to decide how to deliver their waste services at a local level. There are a range of local issues such as geography, property type, deprivation and rurality which determine the method in which waste can be collected. DEFRA’s preference for multi stream collections is not supported by councils.

- 4.5. DRS is a concept for which there is support but the current proposals do not demonstrate value for money.

5. **Appendix A** details the specific recommendations for each consultation.

Next steps

6. Working with the Public Affairs team to develop a parliamentary lobbying strategy for our key lines

7. Work with WLGA and COSLA to identify potential for joint lobbying

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8. Continue working with DEFRA to further interrogate the modelling and supporting data
9. Work with LGA Finance Team to analyse how councils could receive funding

Other issues

The Environment Bill

10. The Environment Bill will be coming to Parliament in July. It is likely that the majority of it will be 'enabling' powers, with the detail coming later via secondary legislation by Summer 2020. The Bill will cover:

- 10.1. the new environment body and its enforcement powers
- 10.2. targets for environmental improvement
- 10.3. air quality
- 10.4. biodiversity net gain
- 10.5. trees
- 10.6. waste and recycling

11. The Bill could be seen as an opportunity for local government to pitch for a new environmental improvement role. We will be working on developing this idea over the next few months.

Charity shop retail

12. The LGA was approached by Defra to take part in discussions with the charity retail sector over disposal of unwanted items at household waste and recycling centres. Councils can charge, although most offer waste disposal free or only charge after a set amount of free use. The charity retail sector oppose charges and claim that charges will lead to charity shop closures. A meeting has been booked for June between representatives of the charity retail sector and councils to discuss experiences on both sides.

Appendix A

Summary of LGA Recycling and Waste Consultation Responses

Consultation on consistency in household and business recycling collections in England

- The LGA has supported proposals that councils should be required to collect a core set of dry recyclable materials. How the materials are collected should be a local decision
- Separate food waste collections would become mandatory for all households by 2023. This ambition is supported, with the proviso that council costs are fully funded and that equal attention is paid to prevention of food waste
- Councils should retain the ability to charge for garden waste collection. Arguments for free collection are based on research showing that garden waste is diverted into residual waste when charges are introduced. Evidence from councils gives a different picture, and shows a strong preference to support home composting
- Government modelling indicates that sorting recyclates into separate streams at the kerbside provides the best quality of recycled material and will save money in the long term. Financial analysis for the LGA has questioned the assumptions underpinning the impact assessment, and there are questions over the projected level of savings. Standardisation on one method of collection would create significant transition costs for some councils. Councils have raised significant concerns that are not modelled in the impact assessment including risks to health through manual handling and the impact on air quality
- Businesses producing household like waste will be required to separate material for recycling. Government's focus is on recycling rates, but councils would also have an interest as producers of waste and in some cases as providers of waste collection services to local businesses
- The ultimate aim of consistent collection is to provide more of the clean, high value material that the recycling industry wants and can process in the UK. There is a lack of detail on how end markets will be developed, which leaves a lot of responsibility with councils and their collection systems

Consultation on reforming the UK packaging producer responsibility system

- This consultation must deliver full net cost recovery for councils. This has to cover:
 - collecting and transporting household/household like packaging waste
 - sorting and treatment of household/household like packaging waste for recycling
 - treating/disposing of any packaging disposed of in the residual waste stream
 - providing information to consumers on recycling packaging waste and anti-littering
 - clean-up of littered and fly tipped packaging items
 - collection, collation and reporting of relevant packaging waste management data
- Clarification is also required about how expansion of any council owned facilities to accommodate increased recyclate will be funded
- The funding should be paid in its entirety to councils and treated as additional

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- Councils must be meaningfully involved in the development of the formula to distribute EPR funding
- EPR reform must deal with the costs to councils of managing 'approved' materials now and the governments potential future ambition to add additional difficult to deal with materials in the future
- Address all producers, regardless of size and scale. So that everyone who is creating waste is contributing towards recycling it
- Fundamentally open up the system and deliver greater transparency, meaningful governance, and better monitoring and enforcement.

Consultation on introducing a Deposit Return Scheme in England, Wales and NI

- The LGA is supportive of the Governments ambition to deliver a DRS. An effective DRS will help to deliver improved quality and quantity of recycle. It could also be a real force for delivering behavioural change amongst consumers.
- However, we have to question the value being placed on DRS within the Impact Assessments (IAs). We have sought external financial analysis and this has confirmed that the value being placed on the disamenity of litter within the DRS proposals needs further clarification. The calculation on disamenity of litter is not well supported by the evidence presented. We would question the overall value for money of DRS if the figures for litter disamenity are excluded from the analysis.
- There is not enough supporting data to help make a decision about whether all-in or on-the-go would be the best DRS models to support. The next phase of any DRS work must address this with data collected in the UK to support any decision making.
- Producers contributing to DRS should still have to pay for EPR. EPR is the fundamental method for ensuring that councils get full net cost recovery. If producers are allowed to only pay into DRS councils could potentially lose out on getting their full costs paid for and end up with council tax payers having to pay for DRS material which has ended up in litter or residual waste.
- DRS is a collection system. It does not on its own make producers change their behaviour. DRS has to be implemented in a manner which actively encourages producers to use more environmentally friendly bottles. It must not be a system which facilitates producers carrying on with their current behaviour whilst consumers pick up the cost via paying deposits.

Plastic Packaging Tax: consultation

- It is encouraging to see proposals that are designed to stimulate demand for used plastic packaging. The ambition to increase plastic recycling needs everyone to play their part, from manufacturers and retailers to the recycling industry. The LGA has long called for a whole chain approach to recycling and for responsibility to be shared across all the actors.
- Local government can only deliver on this ambition if the commitments in the Extended Producer Responsibility (EPR) consultation are fully followed through. Producers need to pay true full net costs to councils for the waste they create. This

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funding must be additional to what councils are already putting into these services to deliver the improvement in quality and quantity that is required.

- Currently there isn't a significant amount of recycled plastic going through the collection, sorting and recycling process. As a sector we would like further detail about the potential impact of this. In particular if there is any impact on the sorting activity that is needed at a MRF or if these products could lead to higher rejection rates when sorting. If this was the case these elements would need additional funding through EPR.
- Consideration needs to be given to the potential impact on future materials producers use for packaging. An unintended consequence of the plastic tax could be to encourage manufacturers and retailers to switch to compostable packaging. Councils do not have the infrastructure in place to sort and treat compostable packaging, and there is a real risk that compostable packaging will contaminate plastic recycling streams, ending up with both materials being sent to waste disposal.
- Overall, there will remain within the system a certain proportion of plastic which cannot use a recycled element due to the nature of the product required i.e. food packaging or medical packaging. The EPR process must be sensitive enough to recognise that over time the costs for processing these non-taxed plastics may rise as they may represent lower volumes within the system. If this is the case local government would need to be recompensed for this through the EPR formulas.
- It is assumed in the package of government's proposed reforms that the market will absorb an increase in the supply of recyclable material but there is no discussion on whether incentives are required, the types of preferred reprocessing procedures, the siting of infrastructure, or the timescales for bringing new infrastructure on stream. The government should signal its long-term preference for how we reprocess recyclable material and consider the incentives that might be required to encourage investment in the right infrastructure in the right place. A tax on plastic packages is a step in the right direction, but leaves the wider infrastructure questions unanswered.