

Waste and Recycling Committee

Date: 21st April 2021

Subject: England's Resource and Waste Strategy Update

Report of: Sarah Mellor, Head of Sustainable Consumption and Production,
Environment Team

PURPOSE OF REPORT

The purpose of the report is to provide an update on recent Government consultations that relate to England's Resource and Waste Strategy.

RECOMMENDATIONS:

Members of the Committee are recommended to:

1. Approve the approach to responding to the second round of consultations on England's Resource and Waste Strategy;
2. Note the principles set out in the Waste Prevention, Extended Producer Responsibility and Deposit Return Scheme consultations and agree to delegate authority to the Chair of the Waste and Recycling Committee to approve the responses to the consultations which are required to be submitted in June 2021; and
3. Delegate authority to the Chair of the Waste and Recycling Committee to approve the response to the Consistent Collections consultation should this be issued prior to the next Waste and Recycling Committee meeting.

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Equalities Implications:

There are no equalities impacts arising from the matters set out in this report.

Climate Change Impact Assessment and Mitigation Measures –

Modelling work has been commissioned to quantify the financial, resource and environmental impacts of the collection systems proposed should they be placed in secondary legislation. This includes the carbon balance of the various options for waste collection and disposal.

Risk Management:

Considered in the body of the report.

Legal Considerations:

Considered in the body of the report.

Financial Consequences – Revenue:

Any revenue consequences will be assessed as part of the consultation responses.

Financial Consequences – Capital:

Any capital consequences will be assessed as part of the consultation responses.

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee
Report Approved

BACKGROUND PAPERS:

[Waste Prevention Programme for England 2021](#)
[Deposit Return Scheme Consultation](#)
[Extended Producer Responsibility Consultation](#)

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution?		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		No
GM Transport Committee	Overview & Scrutiny Committee 14/01/21 Housing, Planning and Environment Overview and Scrutiny Committee	

1. INTRODUCTION

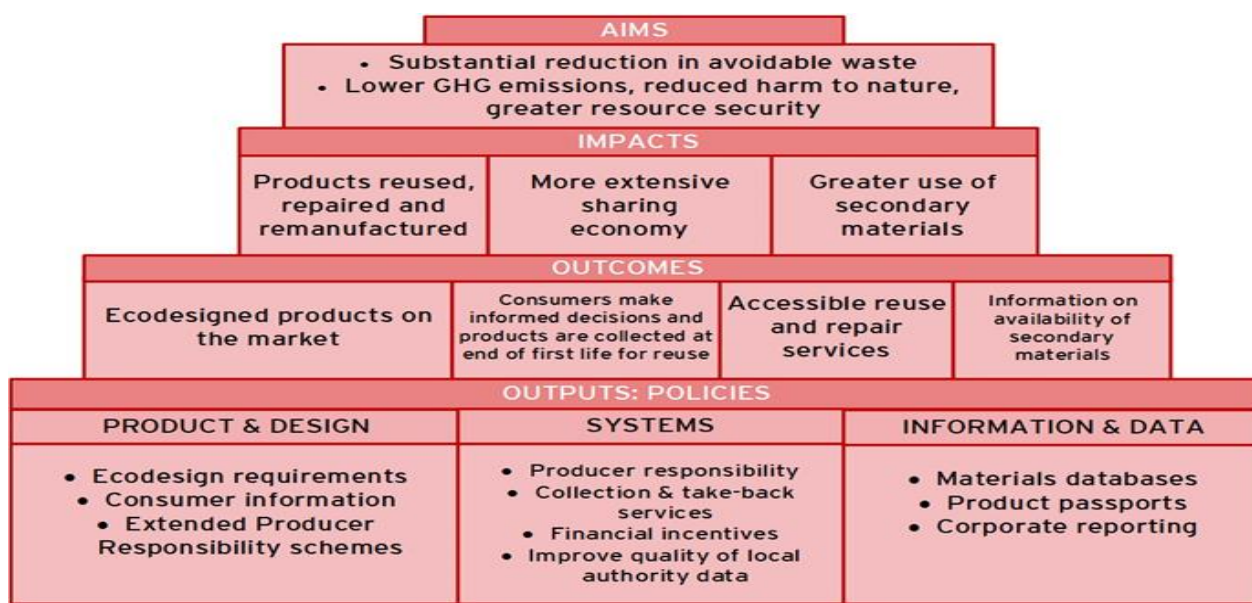
- 1.1 On 18th December 2018 Government published its long awaited Our Waste, Our Resources: A Strategy for England, which in the main sets out Government's interpretation of the European Union's (EU) Circular Economy (CE) package (EUCEP).
- 1.2 Following the publication of the Strategy, four consultations were released on 18th February 2019, covering:
 - Consistent Collections;
 - Extended Producer Responsibility (EPR);
 - Deposit Return Scheme (DRS); and
 - Plastic Packaging Tax
- 1.3. Defra has now released the further consultation documents for the Waste Prevention Programme, EPR and DRS proposals. At the time of writing, the Consistent Collections consultation had not been issued with no indication of when that is likely. A verbal update will be provided at the meeting on this.

2. WASTE PREVENTION PROGRAMME FOR ENGLAND 2021

- 2.1 The draft Waste Prevention Programme (WPP) for England 2021 was released for consultation on 18th March 2021. The purpose of the programme is to set out how it will help deliver various ambitions within England's Resource and Waste Strategy. These include:
 - Reducing greenhouse gas emissions;
 - Reducing the pressure on the natural environment;
 - Help safeguard the resource security;
 - Increase growth in new sectors;
 - Enhance competitiveness by keeping products and materials in circulation; and
 - Create jobs at all skill levels.
- 2.2 The revised WPP proposes to focus on:
 - Transforming product design, making reuse and repair, as well as recycling, viable by supporting a shift in product design and provision of spare parts and repair information;
 - Producer responsibility ('polluter pays') by requiring the producer to bear the costs of managing and recovering waste;
 - Making it easier for consumers to do the right thing: making reuse/repair the default actions;
 - Aligning the regulatory framework: for example, so that targets encourage action at the top of the waste hierarchy; and

- Supporting shared responsibility: recognising that action is required by business as well as a supportive framework by government, which gives recognition to work underway by business in the UK.

2.3 The WPP framework (see below) sets out its aims, impacts, outcomes and outputs and further explains how this framework will focus on the seven key sectors of construction, textiles, furniture, electronics, vehicles, food and plastic packaging.



2.4 The significance of focusing on these sectors are based on waste arisings and potential carbon emission reductions:

Waste stream	Estimated waste arisings			Carbon abatement potential from selected waste prevention measures (MtCO ₂ e between 2023-32)
	Waste arisings (Million tonnes)	Geography	Year	
Construction	59.6	England	2016	31.23
Food	9.5	UK	2018	24.12
Plastic packaging	2.3	UK	2017	0.49
Vehicles	1.3	England	2016	28.66
Furniture	1.1	England	2012	1.25
Electronics	1.5	UK	2017	16.36
Textiles	1.819	UK	2017	6.09

Source: WPP 2021

Data Sources: Waste Arisings: UK Statistics on Waste; WRAP; PlasticFlow 2025; Resource Futures; Valpak, Textile Market

Situation Report; Carbon abatement figures from University of Leeds

- 2.5 The consultation then asks a series of questions regarding proposals for each of the individual sectors along with general questions regarding designing out waste, data and evaluation/monitoring.
- 2.6 The deadline for responses to be submitted is 10th June 2021, therefore it is requested that the Chair of the Committee be delegated authority to approve the response to the WPP consultation.

3. DEFRA CONSULTATION: DEPOSIT RETURN SCHEME (DRS)

- 3.1 Following on from the first consultation in 2019, the second consultation sets out the aims of introducing a DRS, which Government believe will reduce the amount of littering and boost recycling levels for the relevant materials being collected. Whilst the Government remains committed to the scheme, they recognise that the Covid-19 pandemic has disrupted the economy and society and have therefore reevaluated the timeline for the introduction of the scheme. Subject to the responses of the consultation, along with further evidence and analysis on the costs and benefits of such a scheme, the proposed implementation would be in late 2024 (rather than 2023) at the earliest.

3.2 DRS Proposals

- 3.2.1 The proposals for the DRS are set out in the following 8 key areas:

3.2.2 Scope

The scope of the scheme is to capture PET plastic bottles, glass bottles and steel and aluminum cans. Whether it is an 'all in' scheme - containers up to 3 litres (preferred option for Wales) or an 'on the go' scheme – containers up to 750ml remains undetermined for England and Northern Ireland at the moment.

The consultation sets out a cost benefit analysis and benefits as well as the disadvantages of each scheme and asks for responses to support the analysis and state what our preferred option would be and why we have concluded that.

3.2.3 Targets

Current proposals within the consultation are for the Deposit Management Organisation (DMO) to achieve a 90% collection rate after three years from introduction. It is proposed not to impose recycling targets on the DMO, but for the DMO to be legally obligated to provide evidence that all materials collected through the DRS have been passed onto a reprocessor.

3.2.4 Scheme Governance

Within the scheme governance section of the consultation, it sets out how the DMO will be held accountable for the scheme using a combination of regulations, the tender

process to appoint the DMO and a series of key performance indicators. The consultation asks for feedback on contract length for the DMO, the scope within the tender specification and contract management.

3.2.5 Financial Flows

Chapter 4 explains how the DMO will be funded via three revenue streams; materials revenue, producer registration fees and unredeemed deposit. This section also sets out the approach to setting the deposit level and how secondary legislation, rather than primary, would be used to set a minimum and possible maximum level in order to provide flexibility and a lever for the DMO to achieve their targets. The consultation asks for feedback on the approach to funding the scheme, particularly around the unredeemed deposits and seeks views on the amount the deposit should be set at.

3.2.6 Return Points

This section sets out proposals for retailers who sell in scope drink containers to be obligated to accept returns of in scope materials by hosting a return point, most likely via a reverse vending machine. Also covered within this section is handling fees and how online services should be accounted for within the scheme.

3.2.6 Labelling

Proposals within the consultation explain how mandatory labelling would be legislated for as part of the scheme to ensure that all parties can easily identify in scope containers, minimise fraud by ensuring that once containers are scanned and returned they lose their deposit value and cannot be returned again.

3.2.7 Local Authorities (LAs)

This chapter explores the impact a DRS will have on local authorities (LAs) and how they will be financially reimbursed for the costs involved in treating the scheme's materials which haven't been returned. The consultation sets out 3 options:

- Do nothing approach which enables LAs to redeem the deposits of DRS containers collected in their waste streams;
- Enable the DMO to make payments to LAs for those materials via the EPR scheme administration; and
- A hybrid option where the DMO pays a deposit value on containers that are returned and any additional scheme materials in LAs waste stream is covered by a funding formula.

The Government's preferred option is option 2 to be taken forward for final scheme design. The consultation asks for views on the viability of each of the options.

3.2.8 Compliance Monitoring and Enforcement

The consultation provides an overview of how the scheme will be monitored and enforced. It sets out examples of typical offences that could be committed by different

scheme participants and which regulator would be responsible for dealing with the offence.

3.2.9 Timescale for Implementation

The table below sets out the timescale and key milestones in implementing the DRS.



- 3.3 The deadline for responses to be submitted is 4th June 2021, therefore it is requested that the Chair of the Committee be delegated authority to approve the response to the DRS consultation.

4. DEFRA CONSULTATION: EXTENDED PRODUCER RESPONSIBILITY (EPR) FOR PACKAGING

- 4.1 On March 24th 2021, Defra published its second consultation on proposals for the introduction of a new Extended Producer Responsibility (EPR) system¹. Government recognises the current system needs reform and wants to make packaging producers “responsible for the full net cost of managing packaging once it becomes waste”. The consultation summarises proposals and options for these reforms and poses 100 questions for consultees to consider.

- 4.2 In the consultation Defra defines five overarching principles for packaging EPR:

1. Producers are incentivised through the fees they pay or by other complementary measures to reduce unnecessary and difficult-to-recycle packaging, to design and use packaging that is recyclable and to promote reusable or refillable packaging where it is a feasible option;
2. Producers will pay into the system either directly or through the price they are charged by others in the supply chain consistent with the ‘polluter pays’ principle;
3. Producers will bear the full net cost of managing the packaging they handle or place on the market including at end-of-life to achieve agreed targets and outcomes;
4. Costs paid by producers will support a cost-effective and efficient system for managing packaging waste, including the collection of a common set of packaging materials for recycling from households and businesses; and

¹ [Extended Producer Responsibility for Packaging - Defra - Citizen Space](#)

5. Actions by producers will enable consumers to play their part and correctly manage packaging waste through access to good services, labelling and other means that tell consumers how to recycle and dispose of packaging, and enhanced communications campaigns.

4.3. The desired outcomes from EPR are listed as:

- That unnecessary packaging - packaging that is not required to protect a product or excess packaging - is avoided; this will help reduce packaging and packaging waste;
- That opportunities to replace single-use packaging with reusable or refillable packaging increase, particularly for consumer products;
- That more packaging is designed to be recyclable, so packaging that cannot be recycled because of the material or the materials it is made from, or due to its format, will cease to be used where it can be avoided;
- That packaging waste recycling increases proposing that by 2030, 73% of all packaging placed on the UK market and in scope of packaging EPR will be recycled;
- That the quality of packaging materials presented for recycling increases across the packaging value chain and more packaging is recycled into higher value and closed loop applications; and
- That packaging EPR and the deposit return scheme contribute to less packaging littering.

4.4 The consultation proposes minimum recycling targets for the six packaging materials (plastics, paper/card, steel, aluminium, glass and wood). These equate to an overall recycling rate for EPR packaging of 73% by 2030. It also proposes the introduction of a recycling target for fibre-based composite packaging such as food and drink cartons and single use paper cups.

The consultation indicates the intention to consider whether 'closed loop' recycling targets for materials, in addition to glass, are required to drive quality and end markets, and to introduce obligations, possibly in the form of targets, to increase the use of reusable/refillable packaging.

4.5 Full Net Costs of Managing Packaging Waste

Government intends to progress with the broad scope of full net costs of managing packaging waste covering:

- The collection, sorting and recycling of packaging waste from households and businesses;
- The collection and disposal of packaging in the residual waste stream from households only; and
- Litter and refuse management costs, including bin and ground litter.

Estimates indicate that the annual packaging waste management costs that producers will be required to pay will be in the region of £2.7bn in the first full year of

implementation, with £1bn of this related to packaging waste collected from households, £1.5bn for packaging waste collected from businesses, and £200m for the management of bin and ground packaging litter.

Government recognises that this is not a new cost for the economy, but a transfer from one part to another. This will incentivise producers to reduce their use of packaging, adopt reusable packaging where reduction is not feasible, or use easily recyclable packaging, and fund the recycling and management of single use packaging where it remains necessary.

4.6 Who Is Obligated to Pay and What Will They Pay?

For the EPR, Government proposes the introduction of a single point of obligation (i.e. a single producer is responsible for the cost of managing a piece of packaging). This will focus the obligations onto those who are best placed to reduce and/or increase the recyclability of the packaging they use. The consultation details the proposed obligations for reporting and payment of costs for the different types of obligated producer.

The consultation proposes that the fees producers will pay to cover the disposal costs of their packaging should be varied to reflect criteria such as recyclability. For instance, producers whose packaging is easily recyclable will pay lower fee rates, while fee rates for packaging which does not contribute positively to scheme outcomes will be increased.

4.7 Other Priority Materials to Consider

Plastic film and flexible packaging such as single-use carrier bags, bread bags, and wrappers make up a third of the 2.4mt of plastic packaging placed on the market annually in the UK. However only a small proportion is recycled due to challenges with collection, sorting and recycling as well as end markets. Government recognises that it needs to give a clear signal to help stimulate investment in sorting and reprocessing infrastructure. It therefore proposes that plastic films and flexibles should be collected for recycling as soon as is practical, and the costs of this paid by producers. It is assumed this will be possible by end of financial year 2026/27.

Developments in biodegradable plastics are being monitored. Presently there are challenges associated with the use and management of compostable and biodegradable packaging and evidence suggests that some of these types of materials do not fully biodegrade in the open environment and some require specific treatment at the end of their life. In addition, labelling can cause consumer confusion as it is easy to mistake for conventional plastic, contaminating and disrupting its recycling. Until such time as the state of evidence, collections and infrastructure for this packaging can be improved, it is unlikely to be considered recyclable under packaging EPR and will therefore attract higher fee rates.

The consultation seeks views on whether a mandatory cup takeback and recycling requirement should be placed on businesses selling filled disposable paper cups to provide for the separate collection of used cups (either generated in-store or

consumed ‘on-the-go’). This could be through both instore and front of shop collection points and would extend to accepting all disposable paper cups at these collection points irrespective of brand or where the drink was purchased.

4.8 Payment for Management of Packaging Waste from Households

This section of the consultation will be of most interest to local authorities. The consultation sets broad principles underpinning the implementation of payment mechanisms (remembering that payments will be made to cover the costs of packaging in both recycling and residual waste streams (from kerbside collections and HWRCs). These include the scope of ‘necessary costs’ and that costs paid by producers should be for the delivery of ‘efficient and effective’ services. “Necessary costs” are broadly split into:

- Operational costs to collect, manage and dispose of packaging waste such as:
 - Direct vehicle, staff and container costs (capital and revenue) for all collection methods (household and commercial waste kerbside, bring banks, HWRCs, litter);
 - Maintaining and operating depots, transfer stations and other facilities required to support collection and disposal of packaging;
 - Costs associated with transportation, sorting, sampling, processing and the preparation of packaging waste for recycling, reuse and/or disposal (capital and revenue expenditure). Income received through the selling of materials to be netted-off (perhaps using a published indices);
 - Maintenance of capital items above; and
 - Associated overheads (e.g. HR, IT financial services) and materials marketing costs.
- Support costs in achieving scheme outcomes and targets, including communications and provision of public information on waste prevention and recycling, efficiency reviews, data gathering and reporting, performance incentives, and supporting local authorities in contract negotiations and variations with service providers.

Any costs paid will be net of income from the sale of recycling (the value based on the monthly or quarterly application of published indices). Payments could be made a year in arrears on a quarterly basis.

On efficient and effective services, Government proposes that payments of “necessary costs” reflect systems and services designed and delivered around good practice and reasonable benchmarks of cost and performance. Producers should not be expected to pay for what the Government terms “poorly designed or implemented services”. However, in doing so necessary costs will account for geographic, socio-economic and other factors that influence cost and performance.

There is already in existence a system of waste collection benchmarks based on rurality of individual local authorities. It would appear the Government favours the use of benchmarking rather than an actual cost approach to calculate potential performance-based payments.

It is recognised that a local authority's modelled costs could be lower than the actual costs incurred – this could be because the local authority has not adopted good practice or it could be an extreme outlier within a peer group (e.g. very rural or very urban). Equally, some local authorities could receive more than their actual costs, either because they are performing above benchmarks levels, or are an outlier. There will be processes in place to assess the robustness of the approach and arbitrate if any disputes should arise.

If an authority performs below its benchmarked performance then it will receive less than its full payment (the Government proposes a limit of 80%). Conversely, if an authority outperforms its benchmark it could receive an increased payment. The Scheme Administrator will be encouraged to support authorities to improve to meet performance benchmarks, to obtain their full payments.

4.9 Payment for Management of Packaging Waste from Businesses

The consultation seeks views on approaches to facilitate payments from packaging producers to businesses generating packaging waste, including transit and industrial packaging where a producer is not able to prove they had managed this packaging themselves. Proposals are also included for a change in the way commercial waste is collected to facilitate improved recovery of packaging. These may have a direct impact on local authority trade waste services.

4.10 Payment for Management of Packaging Disposed of in the Litter Stream

Packaging makes up a significant proportion of litter so the producers of littered packaging should be responsible for the costs of collection arising. The consultation discusses the payment of amounts to the various organisations responsible for who undertake litter collection.

4.11 Scheme Administration and Governance

The administration and governance arrangements for EPR will need to support producers in complying with their obligations and have robust process and financial flows and outcomes transparent whilst providing flexibility for producers to decide how best to meet their obligations. The consultation suggests (i) a single organisation managing EPR or (ii) multiple compliance schemes and a central administrator

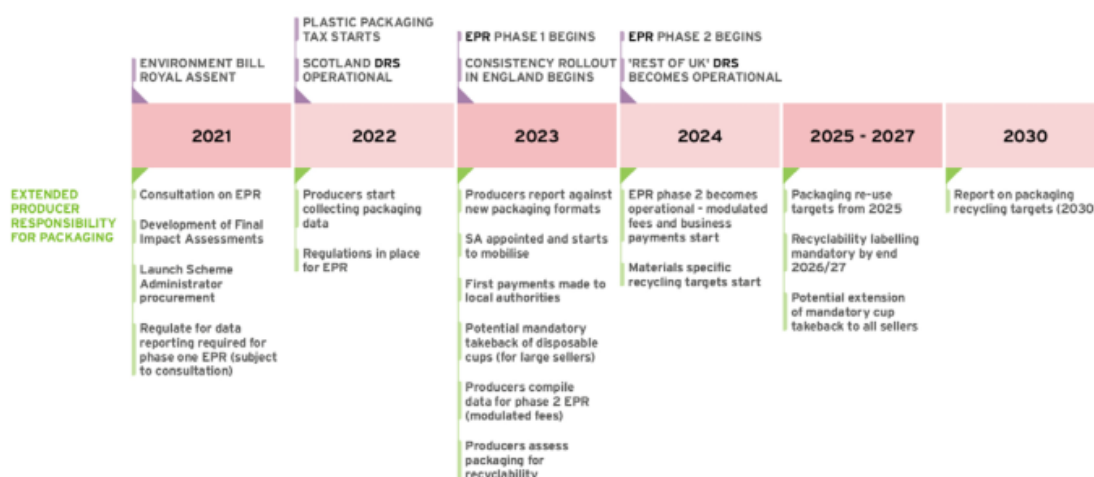
4.12 Data

For EPR to function properly there will need to be a detailed understanding of how much obligated packaging is put on the market, in which stream (recycling or residual waste) it is directed to by householders and businesses (where appropriate) and how much is sorted and ultimately processed. All of this will need to be underpinned by a robust reporting mechanism.

The consultation in many places stresses the importance of waste composition analysis to determine packaging quantities and proportions. There will undoubtedly be additional reporting requirements which are likely to fall under the heading of necessary costs.

4.13 Timescales

The figure below summarises the planned timescale for the introduction of the EPR. It is envisaged the first payments to local authorities will be in the second half of 2023.



4.14 Response Deadline

The deadline for responses to be submitted is 4th June 2021, therefore it is requested that the Chair of the Committee be delegated authority to approve the response to the EPR consultation.

5. PROCESS FOR RESPONDING TO THE 2nd ROUND OF CONSULTATIONS FOR ENGLAND'S RESOURCE AND WASTE STRATEGY

5.1 As the dates for responses of the three released consultations all need to be submitted in June it is proposed that the following approach be approved in drafting responses to the consultations:

- That the consultation working group (authority and district officers) is reconvened to produce the draft responses; and

- That the Chair be delegated authority to agree submission of the draft responses.

5.2 The consistent collections consultation has yet to be released with no definitive date for that to happen. Therefore, it is proposed that as soon as the consultation becomes available members will be notified and a briefing note circulated setting out the key principles. It is then recommended that the drafting of the response follows the same process as set out above with delegation to the Chair of the Waste and Recycling Committee to approve the response for submission.