

Appendix 1 - English Waste and Resources Strategy (2018)

This overview has been adapted from briefing notes prepared by the GMCA for the Greater Manchester Waste & Recycling Committee in April 2021 and July 2021.

1.0 Overview

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).

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. There have been significant delays in this process due to Brexit and then the pandemic. Defra released the further consultation documents for the Waste Prevention Programme, EPR, DRS, and Consistent Collections consultation which concluded in July 2021.

The government had indicated that feedback from the consultations will be provided by the end of 2021, however, it is possible this may extend into 2022. The changes will have a significant impact on the collections contract.

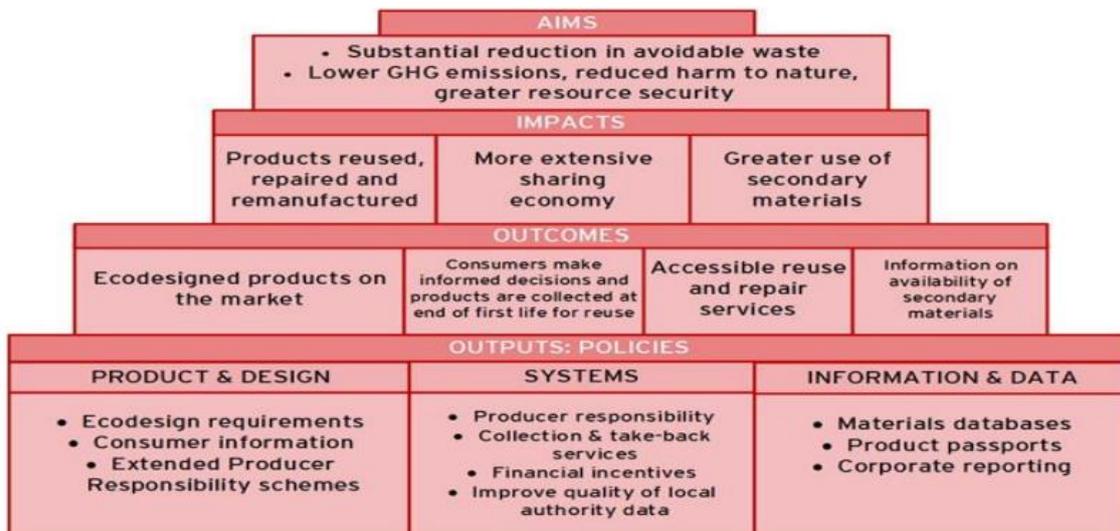
2.0 Waste Prevention Programme for England 2021

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.

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.

The WPP framework 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. The significance of focusing on these sectors are based on waste arisings and potential carbon emission reductions.

WPP Framework



3.0 Deposit Return Scheme (DRS)

The aims of introducing a DRS are to 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 pandemic has disrupted the economy and society and have therefore re-evaluated 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.

DRS Proposals

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

Scope: The scope of the scheme is to capture PET plastic bottles, glass bottles and steel and aluminium 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.

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 re-processor.

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.

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.

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.

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.

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.

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.

Timescale for Implementation: The table below sets out the timescale and key milestones in implementing the DRS.

DRS Proposed Timescales



4.0 Extended Producer Responsibility (EPR) for Packaging

Extended Producer Responsibility (EPR) system. 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”.

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 Extended Producer Responsibility for Packaging.
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.

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.

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.

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.

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.

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.

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:

- o Direct vehicle, staff and container costs (capital and revenue) for all collection methods (household and commercial waste kerbside, bring banks, HWRCs, litter);
 - o 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);
 - o Maintenance of capital items above; and
 - o 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, socioeconomic, 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.

Payment for Management of Packaging Waste from Businesses

The consultation sought 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.

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.

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

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.

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.



5.0 Consistency in Collections

The Government expects the measures set out in the consultation could help to:

- Increase the quantity and quality of household and business recycling.
- Make recycling easier for householders and support comprehensive waste and recycling collections through establishing minimum service standards.
- Give confidence to packaging producers that an increased amount of quality recyclable material will be collected and returned to secondary materials markets.
- 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.
- Improve estimates for future recycling and residual waste treatment infrastructure.
- Ensure only what is necessary is sent for energy recovery or landfill helping to reduce greenhouse gas emissions; and
- Significantly increase job creation in collection implementation, promotion, and management of the new services.

The Government wants England to recycle more and improve resource efficiency. In achieving these aims the Government believes householders want consistent, reliable, and easily understandable waste collection services. Building on the first consultation, the second makes several proposals across the spectrum of collections.

The Collection of Dry Recycling from Households

The Government wants to provide clarity on what dry recycling should be collected – these ‘core materials’ are proposed to be:

- Plastics including pots, tubs and trays (PTTs), plastic ‘films’ and ‘flexible’ packaging; • Metal packaging (aluminium and steel cans), aerosol cans and foil/foil trays;
- Mixed paper and card.
- Glass bottles and jars; and
- Cartons (mixed with plastics stream).
- These should be collected separately from households to improve quantity and quality and should be collected from at least October 2023 to coincide with the first payments from the EPR system. Plastics films will be delayed until 2026/27 so that several operational challenges can be addressed.

Implications for collections across Greater Manchester (excluding separate collection) include:

- The addition of PTTs would be welcomed by the public but would require modification to our materials recycling facility – this may not be achieved by October 2023 and would require investment.

- Cartons – currently collected with paper and card so wouldn't be an addition but would require an exemption from collecting with the plastics stream.
- Plastic films – DEFRA is seeking views on how these should be collected as very few authorities collect films and flexible packaging at the kerbside.

Separate Weekly Collection of Food Waste

The Government is clear on wanting food waste collected separately on a weekly basis from 2023/24. However, collected food waste mixed with garden waste on a weekly basis may be something GM Authorities can demonstrate is the better option for Greater Manchester. Implications of weekly separate food waste collections across Greater Manchester include:

- Significant increase in fleet numbers and current depot space would struggle to accommodate this growth. There would also be an increase in vehicle emissions as well as a contribution to congestion across the conurbation.
- If Local Authorities are required to collect food waste separately from garden waste households would require an additional set of containers.
- The GMCA biowaste treatment contracts is set to expire at the end of March 2026 – this provides time to develop a strategy for biowaste from 2026.

Garden Waste Collection

The Government is keen to see every household access free garden waste collection reversing any existing chargeable services, but this was not universally supported. Further views are being sought but if implemented this proposal would have no impact on garden waste collections across Manchester but would limit future policy changes.

The Separate Collection of Recyclables from Households

In the first instance the Government wishes to see plastics, fibres, glass, and metals all collected separately (add to that food waste, garden waste and non-recyclable waste that is seven waste streams). However, mixing plastic and metal or glass and metal may be acceptable. It is recognised that this level of separate collection may not be technically, environmentally, and economically practicable in all cases. A process of demonstrating why separate collections is not practicable is proposed with assessments reviewed by the Environment Agency. Grounds suggested for not providing separate collections could include:

- Technical practicability – the impact of housing stock (e.g., flats, HMOs, student accommodation), availability of suitable containers, storage of containers at properties, and storage in existing waste infrastructure.
- Economic practicability - local authorities will need to demonstrate that their specific financial costs (caused by their local circumstances) make it significantly more expensive to have separate collections based on technical grounds.
- Environmental practicability - local authorities will need to make the case that separate collection is of no significant environment benefit based on, for example greenhouse gas emissions, reject tonnages, lifts per vehicle and journey length.

Implications for Collections across Manchester

In considering these three grounds for exception to separate collection to some extent the economic argument cannot be applied. The EPR regime is going to pay local authorities for the “effective and efficient” collection of packaging and the weekly collection of food waste will be financially supported by the Government’s new burdens payments. However, there are concerns about the scope of these payments fully capturing increased costs.

On technical practicability – Greater Manchester’s diverse and challenging housing stock does not lend itself for the introduction of several new waste containers. Additionally, separate collection requires more vehicles and as mentioned previously most Local Authorities do not have the depot space to accommodate an increased fleet.

On environmental practicability – the test is to determine ‘no significant environmental benefit’ of adopting separate collections. The research Wood (consultants) undertook for the GMCA, demonstrated that on a carbon metric having weekly kerbside sort collections reduces carbon by less than 2% across the whole waste system compared to GM’s current service. Other environmental impacts such as air quality would also need to be considered.

It should be noted that the consultation is silent on the issue of health and safety. For several years the Health and Safety Executive (HSE) has been looking closely at waste collection. Initially it was the transition from sack collections to wheeled bins but now its focuses on the use of recycling boxes and the hand sorting of materials (generating manual handling, laceration, and noise hazards). Manchester’s response referred to this, and it is understood DEFRA is consulting with the HSE on how health and safety can fit into assessments.

Minimum Service Standards

The Government will mandate the weekly collection of food waste and is considering the recommendation of minimum service standards of alternate weekly collection of residual waste subject to affordability and value for money.

Non-Household Municipal Collections

The Environment Bill which (the legislative vehicle that implements the proposed changes) also applies to non-domestic premises that produce household waste (e.g. schools and hospitals) and businesses producing commercial waste. Effectively these premises will be required to have the same level of recycling collections as households (a threshold of generation may be set for the collection of food waste). Waste collection companies (including local authorities) will have to provide suitable services. For Manchester this will require a review of the current contributions to waste school collections.

Funding

The funding of changes is said to be coming from two sources: 1) the Government's new burdens 'budget' to cover the costs of implementing weekly food waste collections; and 2) the packaging EPR payments for the collection of packaging for recycling or disposal. As these payments will be based on modelling it is not known yet whether they will fully fund the collections they cover. In both cases the scope of the payments is not clear. Some guidance was provided in the EPR consultation, but more clarity is needed.

Timescale for Implementation

The Government would like to see changes implemented from 2023 (even if only adding PTTs to plastics). However, it is recognised that one of the big barriers to change is contractual. The Government does not want to foot the bill for the impacts of changing services mid-contract term so will accept the phased introduction of changes until around 2031 where applicable.