

Accelerating the market for waste & recycling (part II)

Market Insight: It's been more than a decade since the UK government released policy intervention around waste reduction, so the recently launched Resources & Waste Strategy should be welcomed with open arms by the industry. EA assesses its potential impact

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Following our look at the ramifications of China's ban on foreign waste imports ([EA 11-Dec-18](#)), this second part of our special insight feature sees Jonathan Ballantine catching up with leading experts in the UK resources management and recycling sector to understand how Defra's much anticipated Resources & Waste Strategy will shift the UK market.

Through the long-awaited [Resources & Waste Strategy](#) (RWS) for England ([EA 08-Jan-18](#)), Defra has tried to put the UK at the forefront of positive environmental change by tackling a number of long-standing issues such as stagnating recycling rates, extended producer responsibility reform, waste crime, food waste, plastic waste and resource recovery. The policy measures and targets outlined in the RWS will have far-reaching impacts across the materials supply chain, affecting producers, local authorities, industry and consumers.

Industry reaction

The publication of the RWS is critical for UK consumers and the waste industry for a number of reasons as illustrated in part one of this article, which argues that the UK's reliance on exporting plastic waste was negatively impacting domestic recycling and constricting investment. A Defra spokesperson told *Environment Analyst*. "We are working with councils and the waste industry to respond fully to the new requirements imposed by China. Our ambition is to handle more of our waste in the UK. While there has been a significant increase in recycling over the last 10 years, there is more that needs to be done, which is why we have set out our recycling reforms in our new Resources and Waste Strategy."

By and large, the response to the RWS has been positive with leaders from industry, trade associations and NGOs alike commenting positively on the strategy. The general

consensus is that the RWS has answered many questions, its broad coverage reassuring and it has the potential to kick-start the journey towards a British circular economy.

"It's great to see the confirmation of the direction of travel for policy, with a number of key elements mentioned. What really interests me are EPR [extended producer responsibility] reform, non-weight metrics and changes to producer responsibility system," states Mark Sayers, senior consultant at **Anthesis Group**.

Sayers' view is shared by others working in the sector. "The government has listened to industry and these steps have the clear potential to dramatically change the way the sector operates to increase recycling and recovery rates," says Richard Kirkman, **Veolia's** chief technology and innovation officer.

In a short reaction statement from **The Resource Association**, the professional advocacy body for the reprocessing and recycling industries, chief executive Ray Georgeson states: "We welcome the new Resources and Waste Strategy as an important contribution and route map for significantly improving resource management in England."

Similarly, the **Local Authority Recycling Advisory Committee (LARAC)** – the voice of local authorities on recycling and waste – has also welcomed the intention from Defra to provide an injection of much needed funding for local authorities to meet the ambitious demands of RSW. Carole Taylor, chair of LARAC, said: "The focus of the strategy in redressing the balance of funding away from the public purse and on to the producers is welcome and does not come a moment too soon."

Transformative or not?

So can RWS be seen as a game-changer? According to Peter Maddox, director of **WRAP**, yes to a point: "I believe so...there are some eye-catching policies. There's a lot to take in, and we await a lot more detail in the numerous consultation papers to follow but, as a package, the strategy offers significant challenges and opportunities for local authorities." This view is shared by Dr Adam Read, external affairs director at **Suez Recycling & Recovery**, who says: "The government's intention to introduce full net cost recovery producer responsibility is the game-changer that we all hoped for."

Given that a number of the strategic ambitions are still to be consulted on it is too early to cast judgment. "Strategies are the tip of the iceberg, the detail will come from impact assessments and subsequent consultations," remarks Sayers. According to Phil Conran of **360 Environmental**: "My view is that it is constructive, cohesive and ambitious given where we are at the moment. It demonstrates a political commitment to change that we haven't seen for decades, but it is not without its challenges."

In an interview for this feature Read couldn't hide his excitement for both the scope and ambition of the strategy, although he did express some concerns about the deliverability of the strategy such as the timetable for change, lack of detail presented thus far, the risk of ambitions being watered down in the consultation process, and the lack of clarity on UK reprocessing capacity and infrastructure development. However, Read did acknowledge that there are plenty of work streams underway to influence solutions and policies before then. "I remain positive, the general direction is good, the

joined up thinking makes sense, and the overall level of ambition is in line with what the sector has been asking for," he says.

The devil, of course, will be in the detail of these consultations, and industry will continue to work closely with **Defra** on supporting them through these next stages. "Given the shortcomings of the current PRN system in providing funding to council collections we are seeking clarification from Defra on the definitions of what it means by 'full net cost recovery' as this will be key to the level of funding available to local authorities," acknowledges **LARAC's** Taylor.

But there is still a long way to go before this ambitious strategy is fully realised. "There has been some grumbling in the sector about the length of time it will take to implement the strategy, including the use of extensive consultations, but it's important to get the detail right rather than legislate in haste and repent at leisure. The consultations will be asking businesses, local authorities and residents how they should deliver the policy, not if," says Maddox.

It remains to be seen how the RWS is delivered and what the time scales are envisaged to be, but nonetheless **Defra** should be applauded for listening to all perspectives and for their desire to consult early and widely.

Market opportunities and investments

The main objective of this article is to provide insight as to whether RWS will improve the market for waste management and material recovery in the UK – and related to that reinvigorate demand in this area for supporting advisory services from environmental consultants, which has suffered dwindling demand over the last decade (see Figure 1). And with the latest waste data showing that recycling rates for England have been stagnating over the last few years many in the industry were looking for RWS to provide forward direction.

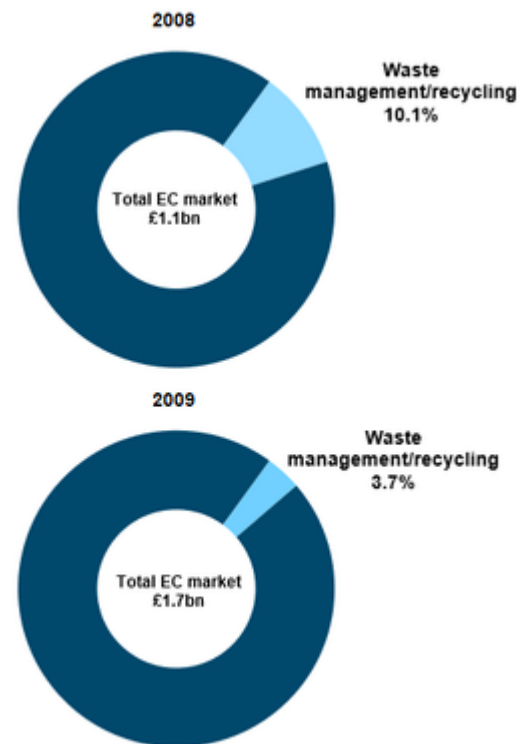
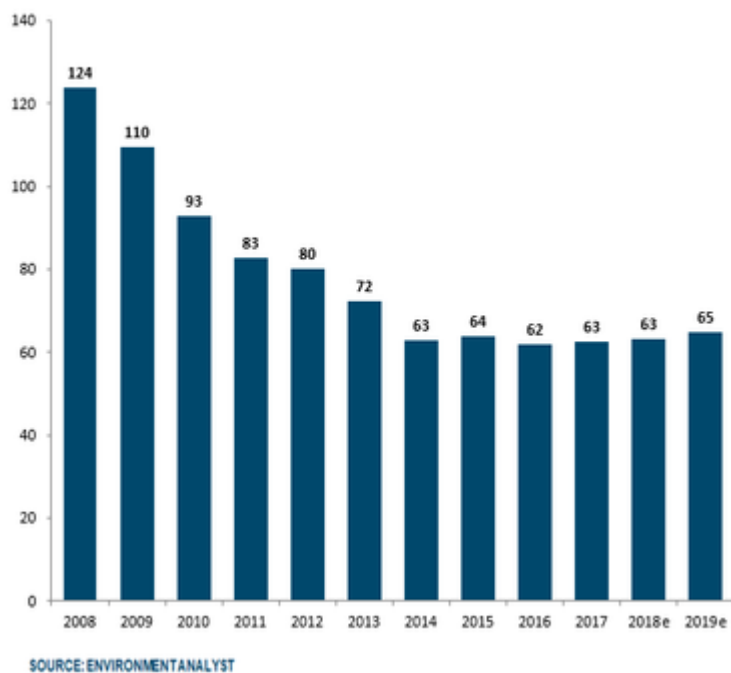
"It's the direction we have been hoping and waiting for, and with the public and businesses playing their part the UK can build a sustainable future," remarks **Veolia's** Kirkman. Through the RWS, Defra has initiated policies that will minimise waste at source, standardise household collections and stimulate end-markets for recycled plastics. Working in combination, these policies have the potential to boost recycling rates, as well as support greater investments in UK recycling services and infrastructure.

Commenting on the strategy, Edward Collins, CEO of **Earth Capital Partners**, a specialist investment company, said: "It's good to see the UK government taking the lead on such an important issue. We're already seeing large amounts of investment in new and innovative technologies to deal with waste, and believe that it's a huge opportunity for investors to make a meaningful difference, whilst also benefiting from strong returns." This is evidenced by **Veolia's** actions, according to Kirkman, who says "by opening two

domestic recycling facilities in the last twelve months and committing to invest £1 bn in infrastructure in the next five years we are backing UK recycling."

The collective mood in the industry is not quite one of celebration but rather one of cautious optimism. Why? Largely due to the number of measures that are subject to further consultation and/or the proposed timeframes, many of which are earmarked for 2023. Thus it is clear that RWS is not going to have an immediate impact. However, there is positivity and optimism where many in the industry believe that RWS provides a longer-term roadmap for accelerating the transition towards a circular economy.

Fig 1: Waste management/recycling EC revenues (£millions) 2008 - 2019e



Public appetite

Although some waste management companies such as Veolia have invested in specialised recycling facilities, and are engaging with producers and local authorities, if consumers aren't also on board due to complex schemes or recycling apathy then achieving higher recycling rates becomes unachievable. Thus the RWS plans to standardise and broaden household collections across England, if combined with consumer awareness campaigns, should help to boost recycling rates across the country, and will drive further investments in recycling services and infrastructure. Kirkman believes consumers play a vital role, stating: "To make the UK a waste-to-resources heavyweight we must also remove confusion for consumers and encourage investment in domestic infrastructure to secure a circular approach for the next generation."

Additional revenues generated from EPR reforms must be diverted to LAs for the funding of these collections and awareness campaigns. Many in the industry still feel more has to be done to engage consumers and households. Thus, cultivating a civic pride for recycling is an essential task and calls for new forms of partnership and collaboration across the waste chain. It is estimated that in the UK 40m plastic bottles are consumed daily. What percentage of these are being correctly disposed of and recycled?

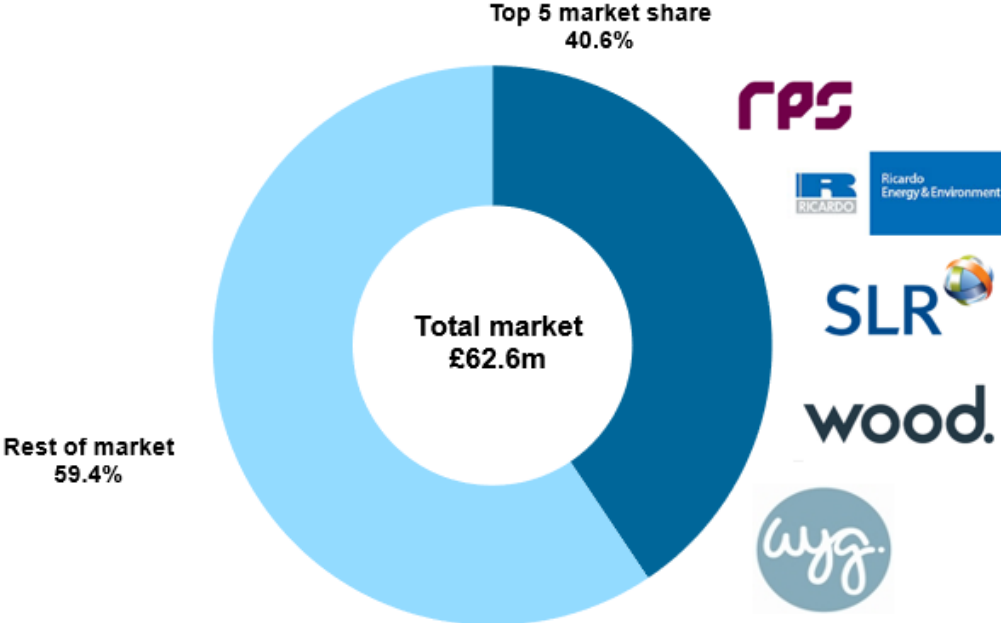
Last October, Chancellor Phillip Hammond announced a new tax on plastic packaging in the UK Budget. As part of EPR reform, the RWS proposes a plastic tax on producers that create packaging with plastic materials that have less than 30% recycled content from 2022. This aims to encourage the production of more sustainable packaging and drive a market for recycled plastic. In theory, the plastic tax has the potential to be a game-changer for the recycling sector by helping to correct a market failure.

According to Kirkman the tax has the potential to "ensure recycled content becomes the currency of production". However, the reality of the situation is that the UK is not equipped to produce a consistent supply of food-grade recyclate due to a lack of reprocessing capacity. "Significant action across the supply chain is going to be needed to address issues of both quality and quantity," says **The Resource Association's** Georgeson. To ensure the UK has the capacity to meet demand it is essential that the revenue generated from this tax be invested into developing recycling collection services, and building domestic reprocessing capacity and infrastructure. The RWS does not provide the short-term certainty the industry was hoping for but it is clear that Defra has listened to the full range of industry concerns. The mid-to-long-term outlook for the sector looks very positive. "This is the opportunity to be heard, to contribute to designing a gold standard system that enables materials to be captured for recycling in the most cost-effective way, whilst contributing to a new circular economy," Read argues.

Have a say

Looking ahead it is clear to see that change is happening in the waste management and recycling sector. Those working within it must become active during the next six months, particularly while some of the meatier ambitions of RWS are in consultation. In the first quarter of 2019 a number of events, workshops and webinars have been planned to brief the sector and keep it informed. As Read encourages: "Get involved so that you can then be ready to engage in what will probably be the busiest year in the resources and waste sector in my lifetime. And that's exciting!"

Fig 2: Waste management/recycling EC market shares 2017



SOURCE: ENVIRONMENT ANALYST