

**summary statement
providing context to the
SUEZ recycling and recovery UK
Defra consultation responses**

13 May 2019



introduction

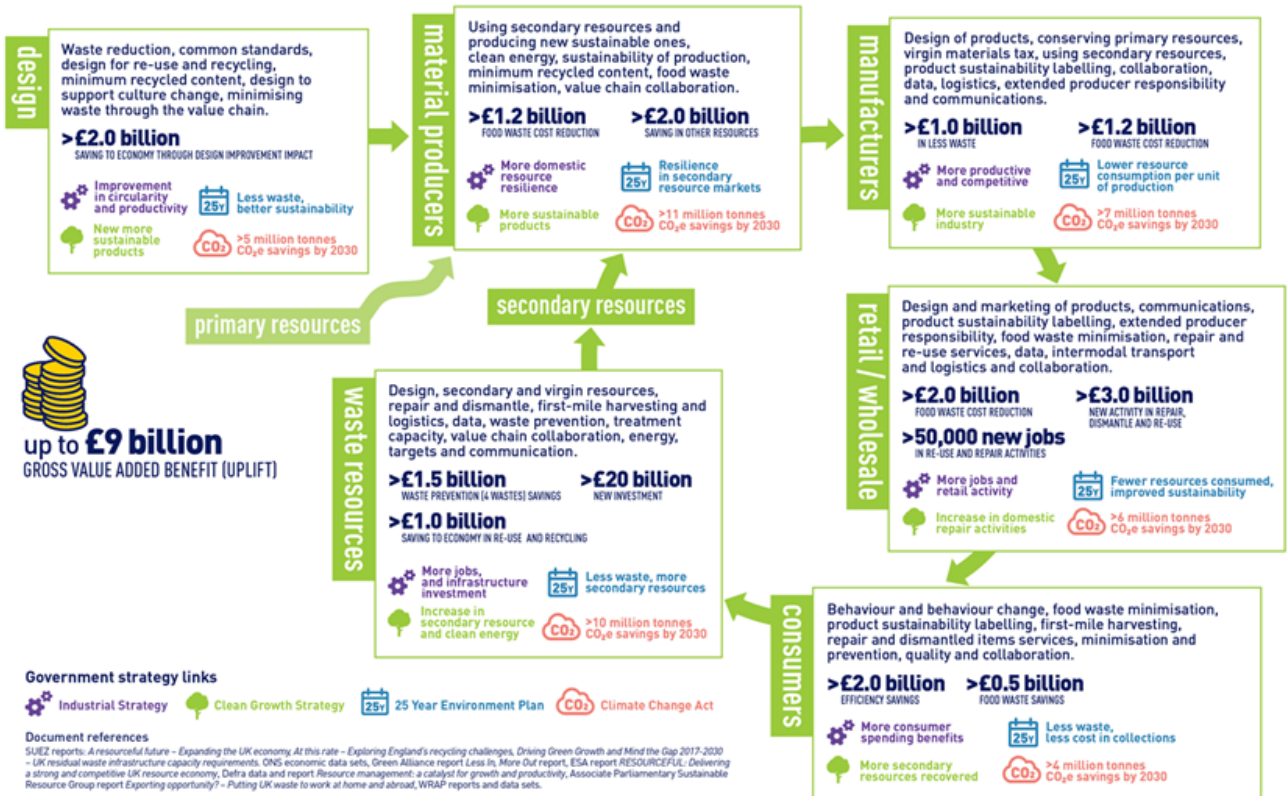
SUEZ has welcomed the scale of ambition set out by HM Government in the resources and waste strategy 'Our waste, our resources: A strategy for England' published in December 2018 and has sought to contribute to its successful delivery through engagement directly with Defra and through full and meaningful engagement with the whole value chain.

SUEZ put forward its own view of how a resources and waste strategy might be constructed and how it would link the plethora of other strategies and market drivers through the publication of our document 'A vision for England's long-term resources and waste strategy'¹ in May 2018.

One of the key points of this document was the increased benefit of the value chain working together rather than in silos.

This was best exemplified in the value chain graphic shown below, which estimated that the waste and resource sector could add over £2.5 billion in financial value and in excess of 10 million tonnes of CO₂e benefit itself, but could, in collaboration with the value chain, deliver in excess of £9 billion in financial value and in excess of 40 million tonnes of CO₂e benefits for the UK.

How a well-designed resources and waste strategy can support the economic value chain



¹ www.suez.co.uk/-/media/suez-uk/files/publication/suez-resourcesandwastestrategyvision-2018529.pdf

Prior to the publication of this report, SUEZ had set out to engage with all the stakeholders in the value chain, to learn from them and to help them learn from each other. This involved in excess of 30 workshops, some individual organisation-focussed, and others in group sessions where key representatives of the value chain could come together and discuss specific issues and seek to find common solutions or understanding. Through this engagement, we had discussions with over 400 individual representatives of:

- ▶ National and devolved authority government bodies
- ▶ Local authorities and regional government
- ▶ Individual companies from each part of the value chain – from packaging designers to packaging producers and fillers, to industrial manufacturing companies and retailers through to consultancies, waste and resource companies and recyclers
- ▶ Extended producer responsibility compliance bodies
- ▶ Trade and interest associations
- ▶ Regulators from all England and the devolved authorities
- ▶ Members of the public, through four specially arranged and independently managed workshops in four locations around England²
- ▶ Members of the public, through a specifically commissioned research study by YouGov³

Reports of some of the larger workshops were also prepared and circulated to attendees to provide a record of the discussions and any conclusions drawn on the day.

To seed these discussions or as a result of them, we set out to undertake specific works and research on both extended producer responsibility (EPR) and deposit return schemes (DRS). These involved internal research with our group of companies – taking experience from our extended producer responsibility operations in Germany through BellandVision and through our reverse vending system in France called Kiosques Réco for plastic bottles – as well as research on other schemes in operation around the world.

These works gave rise to two further reports, one on deposit return schemes⁴ published in March 2018 and one on the principles of a good extended producer responsibility system⁵ that was published in September 2018.

All of our internal knowledge and skills together with the data, knowledge and opinion gained from these additional works and workshops have helped us in not only understanding the challenge of the resources and waste strategy (RWS), but also the detail of the individual consultations and their collective impacts.

SUEZ has much pleasure in submitting our individual responses to the consultations and the questions contained therein, but also in producing this summary document which seeks to give context to our responses.

² www.suez.co.uk/-/media/suez-uk/files/publication/suez-britainthinks-combinedreport-1809-web.pdf

³ www.suez.co.uk/-/media/suez-uk/files/publication/suez-unpackagingep-1809.pdf

⁴ www.suez.co.uk/-/media/suez-uk/files/publication/drs-onthego-report-uk-1803.pdf

⁵ www.suez.co.uk/-/media/suez-uk/files/publication/suez-unpackagingep-1809.pdf

working together

The ambitions set out in the resources and waste strategy will only be met with the participants in the system working closely together, which requires close alignment of their roles and objectives and a common goal.

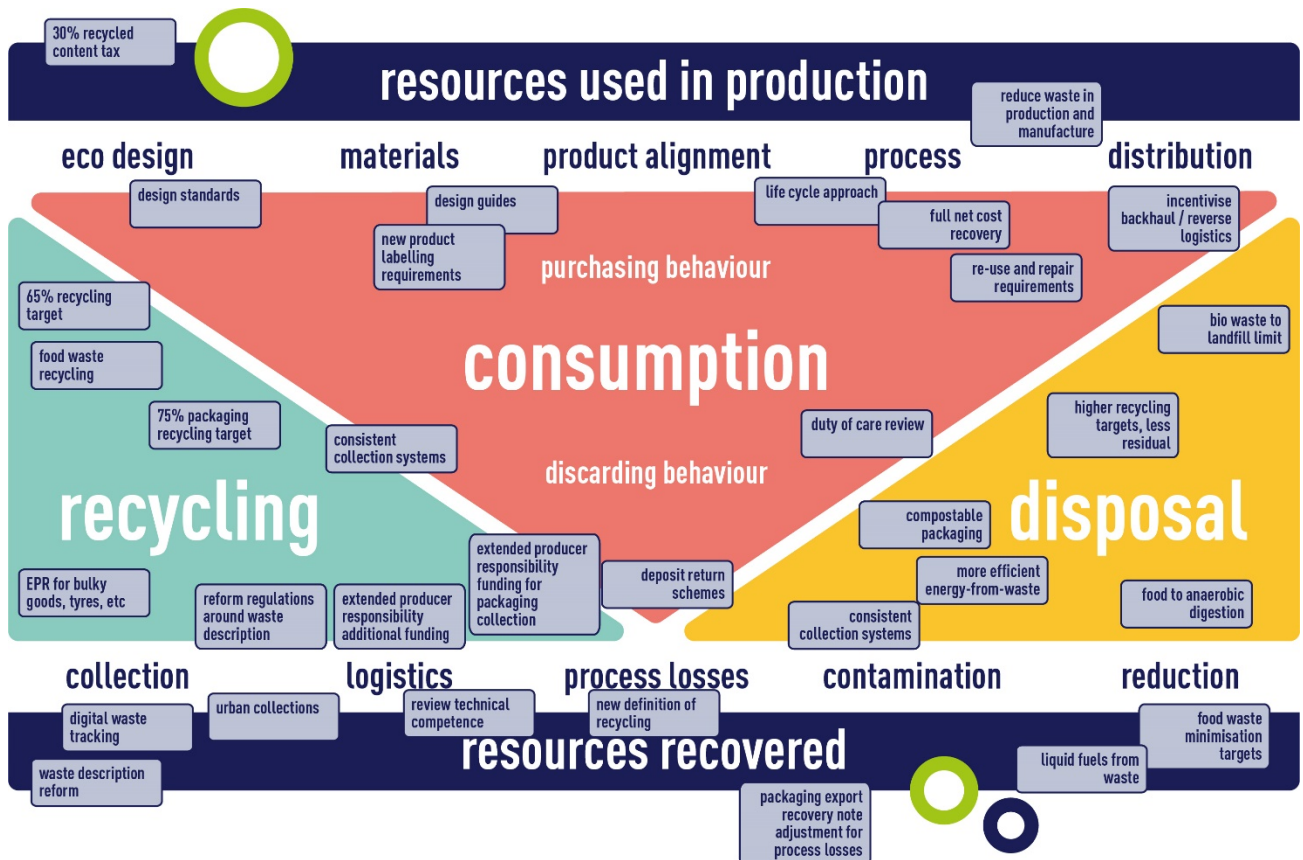
We have taken the common goal of the resources and waste strategy to be 'To move England to a position that by 2050 we play our part in a sustainable world by minimising our consumption of resources and using those resources we do consume better through their re-use, recycling or finally through the recovery of energy where other options are not viable'.

The four consultation documents are the first detailed steps in delivering the resources and waste strategy.

These documents set out proposals on:

- 1 Extended producer responsibility
- 2 Deposit return schemes
- 3 The consistent collection of key materials
- 4 The introduction of tax on plastic packaging that does not contain 30% recycled products

However, when we consider the sum of all the proposed amendments and further consultations, it is obvious that these four consultations are only the start of substantial changes to the way we manage waste in England and the UK. In seeking to scope these changes, SUEZ put together a graphic (shown below) that represents the fundamentals of the value chain and the main interventions planned.



Although the consultation seeks to deal in detail with the technical and policy elements of the system, less time is spent detailing how we can deliver excellent performance from consumers. In our consultation responses, SUEZ has made continual reference to the need to establish the right habits for recycling in households and businesses, and how vital their performance is to the success or failure of the whole system.

Therefore, although we welcome improvements to the on-pack labels with regard to the recyclability of the packaging and suggestions to limit the bin and collection styles, we do not think they will deliver the high performance required.

In our own discussions, surveys and workshops with the public, we have continually found the same question being asked, that being, “although it is good to know the item is recyclable, it does not help me place the item in the right bin”.

Given that the consistency of collection systems is likely to amount to between eight and ten different styles (for household, business and on-the-go systems) and that the speed of transition for local authorities will be relatively slow as they move through their contracted timelines, it's unlikely for some years or if ever that this consumer question will get answered.

We believe that a cheaper and more effective way of delivering excellence in recycling through habit is to adopt the system we call ‘recycling by numbers’ where packaging family groups (like plastic bottles) are given a recycling number that will correspond to the same number on the correct bin. In this instance, all the consumer has to do, in whatever area or place they are, is match the number on the packaging to the number on the bin. This allows not only clear guidance on bin placement but a low cost conversion of existing containers and avoids the potentially huge cost of bin replacements. An example of how this might work is presented below.

COLOURS TO INFORM PURCHASE



NUMBERS TO RECYCLE BY



Having tested this concept with producers, retailer and local authorities, we believe ten to twelve numbers would be sufficient to define the main packaging types, and that the number if printed inside the existing or planned recycling logos, would not take up more label space or incur significant additional cost. Local authorities have recognised the low cost of implementation and also the flexibility built in, as service changes could retain existing bins and involve no more than moving bin labels. Recycling by numbers will work with a binary system of labelling if this is chosen from the consultation, although we believe and the consumers we talked with generally preferred a three stage system.

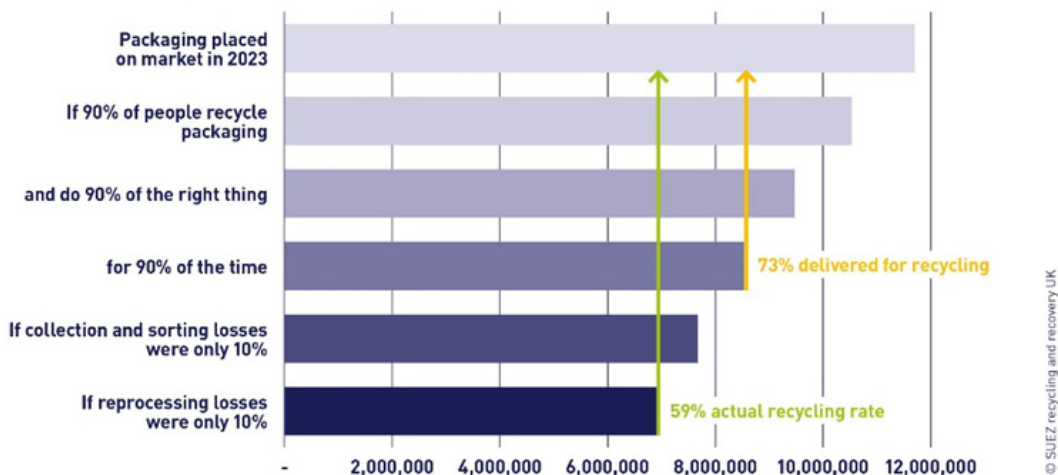
We consider that this is important, as to meet the recycling targets and the ambitions of a more resourceful future, we will need consumers to deliver as much material to the collectors such that they can be sorted and recycled. To measure this scale of ambition, we have looked in detail at a number of material streams to seek to measure current performance. For plastic packaging, we believe that the current performance is substantially below what is needed.

To explain our point, we produced the following sequence that considers the performance at each of the main five stages of activity to deliver a target performance. These five stages are:

- ▶ The percentage of consumers who participate
- ▶ The percentage of success in doing the right thing
- ▶ The percentage of time they do the right thing
- ▶ The percentage of material needing to pass through the sorting stage
- ▶ The percentage of material needing to pass through the refining and reprocessing stage

If we apply a 90% task rate for all of the above, then for packaging we would get 59% of the materials actually being recycled. The following diagram illustrates this point. To achieve the target packaging recycling rate by 2030, then performances of nearly 95% would be required. This high level of performance requires easy and convenient systems that develop the right habits and ultimately the excellence in recycling that is required.

The need for full value chain collaboration to recycle packaging (excellent performance)



levelling the playing field

– targets

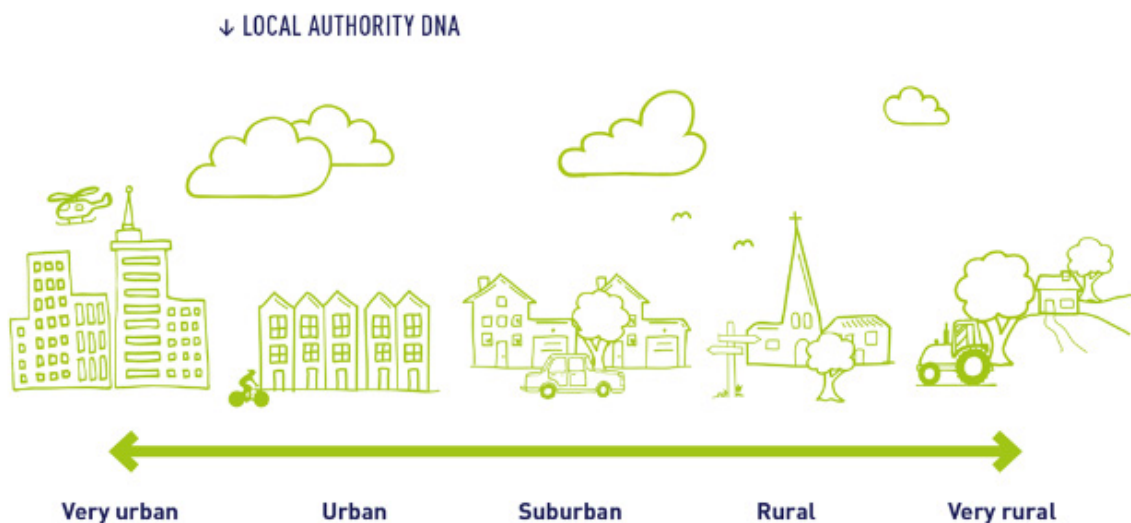
In constructing our responses to the consultation questions, SUEZ spent considerable time looking at the market and at how it might work and adapt the various individual and combined interventions. There are a number of aspects of the proposals that we consider could lead to disproportionate impacts or poor outcomes.

We agree that increased recycling is essential to help deliver a more sustainable economy. Further we agree that targets should be stretching but deliverable for all those involved. We consider that the business waste targets meet both the above aspirations. However, we consider that the municipal recycling targets underestimate their potential and therefore do not set the same degree of aspiration as those for business.

In addition, we believe that unless local authority targets are mandated, then the application of those targets may well fail to be delivered through a myriad of local issues, concerns and impairments.

In 2018, SUEZ modelled what we thought was possible for local authorities, applying geographic and socio-economic factors as well as experience and evidence from what had been achieved by others.

This modelling showed that tasking would need to be set individually or by grouping. SUEZ used a system we call DNA, which has five main classifications as shown below.

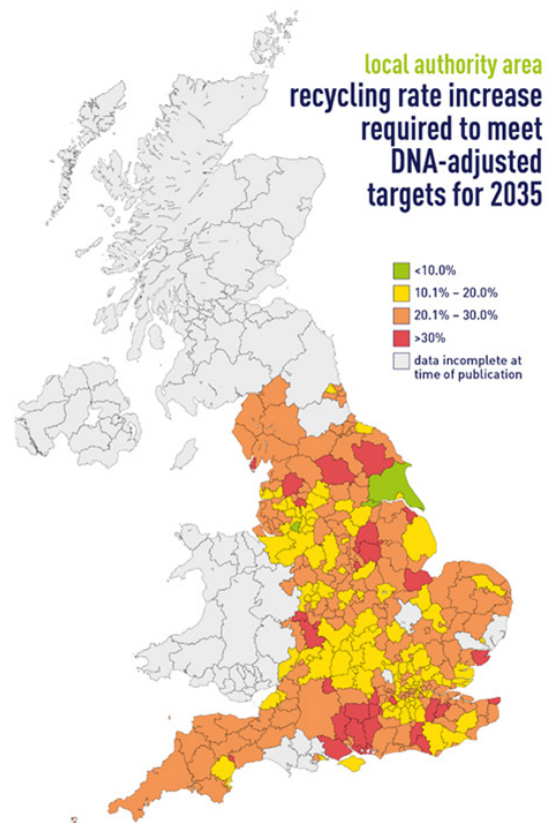
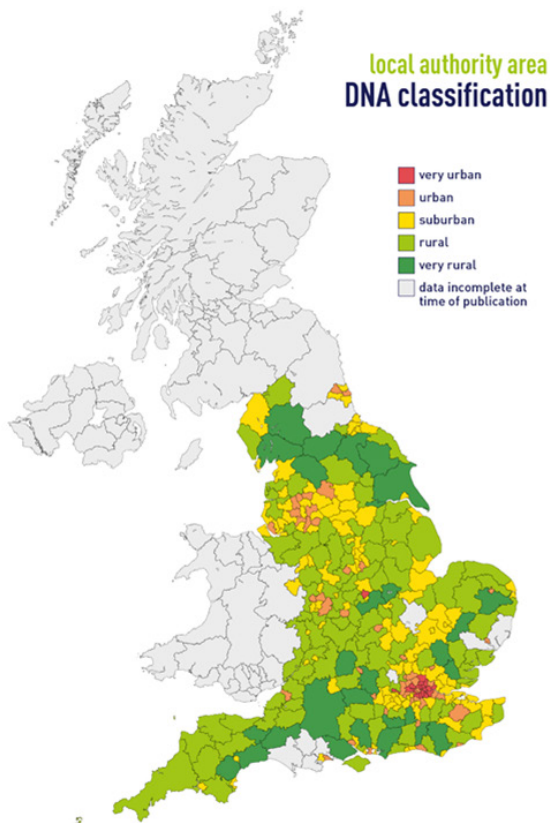


When SUEZ modelled the majority of English local authorities against best practice for recycling in each of these DNAs and included constraints on the volume of allowable residual waste, our results indicated that the English authorities could achieve an average recycling rate of 62% (normalised by population between the local authorities).

We believe that the ambition for local authorities should be as great as that for business, and consider the suggested target challenge to be set too low for local authorities. The classifications applied and recycling rates that would be required and could be achieved are shown below.

We further think that the current target setting, both overall and for packaging, uses figures derived from the existing definitions of recycling and fails to fully account for the expected definition and rules of calculation for the new method being adopted.

Our interpretation of the EU impact study on this definition when focussed on the UK and converted for England only, suggested that the new definition might reduce the reported performance by up to 5%. Although we understand the full method of calculation is still being reviewed, we believe there is a risk that the performance and targets may be overstated when measured against the new definition, and the tasking to be harder than anticipated.



levelling the playing field

– systems

From our work in this field and from our workshops with the value chain, SUEZ believes that the fundamental system for success is a properly designed and functioning extended producer responsibility system.

SUEZ had already established our 10 most important principles for a good extended producer responsibility system and we have tested the proposals detailed against all four governance schemes presented. A summary of that assessment is presented here.

How the governance models proposed support the 10 extended producer responsibility principles originally established by SUEZ

	M1	M2	M3	M4
1 More sustainable design	✓	✓	✓	✓
2 Enhanced brand equity	?	✓	✓	✓
3 A level playing field	✗	?	?	?
4 Informed, empowered consumers	?	✓	✓	✓
5 A competitive marketplace	✓	✗	✗	✓
6 Innovation	✓	?	?	✓
7 Simplicity for all	?	✓	✓	?
8 Minimal consumer cost	✓	✗	✗	✓
9 A system free from crime	✓	✓	✓	✓
10 Rewards and penalties	✓	✓	✓	✓

Governance models

- M1** Enhanced version of 'business as usual'.
- M2** Single not-for-profit organisation.
- M3** Twin not-for-profit organisations – one for household-like waste and one for nonhousehold-like waste.
- M4** Deposit-based, government-managed scheme.

As is clear, we see that none of the proposed governance systems meet fully our principled expectations. As such, SUEZ has suggested that a hybrid model that takes the best elements of several of the schemes would best deliver the required outcomes.

In our report, 'Unpackaging extended producer responsibility consultation proposals'⁶, published in April 2019, we go into more detail on areas where we think problems may arise and where opportunities for enhancement exist, and we don't propose to reproduce them here.

However, we are concerned that the nature and flow of the questions in this area of the consultation would lead many respondents to be led to believe they had to pick one governance model, even if they thought it was not the best or the least worst option.

We hope that in reading the consultation responses, Defra reflect on the answers in light of the direction the question formats may have driven respondents.

Finally, we believe that extended producer responsibility is the prime driver of the delivery of efficient systems and designs across the whole value chain.

We believe that a deposit return scheme has a role in behaviour change and in reducing litter, and will help deliver increased tonnages of the target materials.

However, we believe that a deposit return scheme is a function of extended producer responsibility and should be used as a tool within that system.

Proposals to use it on its own outside the extended producer responsibility system, and especially those that we consider to be disruptive to the existing systems of collection, could lead to retrograde performance and system confusion. As such, we have proposed that a deposit return scheme on-the-go for a limited range of packaging products would deliver the best results and compliment, rather than disrupt the existing systems.

⁶ <https://www.suez.co.uk/-/media/suez-uk/files/publication/suez-unpackagingprconsultationproposals-1904-1.pdf>

transition

The proposed scope and scale of change in these consultations is ambitious and represents a step change in many areas that have changed little for many years.

Many aspects of the policy process will need significant investment in new equipment, new processes and procedures and new facilities. SUEZ has shown willing to invest heavily in the infrastructure required when policy and market conditions give the opportunity.

Getting the policy mix right, to ensure that the right visibility of policy and market drivers is given in time to allow permissions and investments to be made, is essential in delivering a successful sector that delivers against the targets and aspirations at least cost to the consumer and the value chain.

We believe that the actual level of ambition may tax the system to deliver in the early years (2023-25) when all the impacts come together. As such, we believe Defra should consider phasing the introduction of a deposit return scheme such that it is introduced only for on-the-go plastic bottles and then is expanded, if required, when the full impacts and success of extended producer responsibility and consistent collections can be assessed.

Further, we are worried that the ability to achieve the targets in the early years will not be possible, as the lag time between policy intervention and system and infrastructure change may not be aligned, and we consider that the 2025 and 2030 targets may need to be adjusted to accommodate this practical implication. The 2020 target comes before the planned policy implementation dates and as such is not dependent on them, but we think is also unlikely to be met.

Finally, confusion can often occur in times of change, and with the scale of change proposed, it is likely that the risk of confusion is high. As a sector, we have suffered through illegal activities for many years and this has undermined legitimate operators and impaired the investment opportunities that could be realised.

Given all of this, we think that Defra should consider calling together representatives of the value chain and especially those from the resource and waste sector to prepare a transition plan for the implementation of the various policies. This plan would help define the stages and phases of implementation and avoid the potential issues described above.

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