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**North London
Waste Authority**

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Dear Sir/Madam

Ref: Call for evidence on voluntary and economic incentives to reduce littering of drinks containers and promote recycling

Thank you for providing North London Waste Authority (NLWA) with the opportunity to respond to the Government's 'Call for evidence on voluntary and economic incentives to reduce littering of drinks containers and promote recycling'.

NLWA is the joint waste disposal authority for north London established by the Waste Regulation and Disposal (Authorities) Order 1985. As a joint waste disposal authority NLWA is responsible for the disposal of waste collected from households and local businesses by seven north London boroughs – Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest, the 'constituent boroughs'. NLWA manages the residual waste from all seven boroughs, recyclable and compostable waste from six boroughs and all the north London reuse and recycling centres except in one borough. NLWA also delivers extensive behaviour-change campaigns in the fields of waste prevention and recycling.

Whilst we have reviewed all the consultation questions, we have largely confined our comments to the elements of the consultation that are relevant to a waste disposal authority in the capital.

NLWA Comments

NLWA's involvement with drinks containers involves managing empty containers collected directly from households and as litter by our constituent boroughs and the subsequent management of recycling or waste disposal contractors who process them. NLWA does not have direct experience of a deposit return system (DRS), but based upon our reading of published information and by engaging in the debate leading up to this consultation we make the following comments:

1. Principle of a DRS compared to other recycling incentive schemes

- 1.1 In terms of its impact on householders a DRS is similar to other recycling incentive schemes because it gives a financial incentive to those that participate in the programme, and the greater the level (i.e. volume) of material recycled the greater the financial reward for the householder. Three of the north London boroughs are

currently running recycling incentive schemes – Hackney, Camden and Waltham Forest. Full evaluation of these schemes has not yet taken place. However, as reported by Eunomia¹ for example there is a very high number of changing and interacting variables which affect recycling rates. Therefore, isolating the impact of the recycling incentive can sometimes be problematic. Compared to a DRS, a kerbside recycling scheme is trying to increase the recycling rates of a wide range of materials, whereas a DRS typically exists in parallel to a local authority collection system and incentivises and collects a much more restricted range of materials. This assists with evaluation of impact. Eunomia notes that recycling incentive schemes may have a role in reducing contamination, which probably requires more research; however in our view the evidence in favour of a DRS can be easier to isolate than for a kerbside incentive scheme, simply because of the reasons above.

1.2 Where a DRS also differs from a recycling reward scheme is that:

1.2.1 The reward can only be collected if the householder takes the material to a centralised collection point to have it logged and thereby accrue or redeem their rewards. In a DRS the reward is only gained with some additional effort on the part of householders; everyday participation in the kerbside recycling collection scheme is not rewarded. From a communications point of view this means that the day-to-day kerbside recycling service is normalised because it is not rewarded.

1.2.2 Secondly the DRS reward scheme runs independently of the local authority recycling collection service – typically being implemented by obligated producers, participating retailers and an organising body. NLWA officers recall the reverse vending system which was trialled by Tesco several years ago. This rewarded the return of various packaging materials in the form of Tesco ‘clubcard’ points or points to be donated to a local charity. Rather than competing with the local authority collection service, NLWA considers that a DRS ensures producers take full responsibility for the collection and recycling of materials they are placing on the market. A DRS also provides another incentive and option to encourage greater public participation in recycling when local authorities have limited powers to incentivise greater public participation.

1.3 In our view the evidence in favour of a DRS is strong, the 2014 Eunomia report noted above stated that:

“Where data is available there is a clear correlation between the implementation of DRSs and increased rates of recycling, with resultant recycling rates often cited as being higher than 80%. Whilst some of the studies are dated, they present indicative results that are still relevant in the context of national waste policy today.” (Note that the 80% recycling rate quoted above refers to recycling rates of target materials in the DRS).

As a result of the above NLWA is supportive of the principle of introducing a DRS for drinks containers in England but recommends that consideration of alternative approaches to increasing recycling and reducing litter are included within any future consultation documents so that the DRS can be fairly considered alongside any other alternatives.

¹Investigating the Impact of Recycling Incentive Schemes Full Report, Eunomia and Serco, January 2014 – available at <http://www.eunomia.co.uk/reports-tools/investigating-the-impact-of-recycling-incentive-schemes/>

1.4 From NLWA's perspective, evidence suggests the following three key benefits of implementing a DRS:

1.4.1 Increased recycling and capture rates of the materials within the scheme e.g. in Sweden the proportion of aluminium cans which are captured for recycling is just over 85%, and for 1 litre plastic drinks (PET) containers over 90%.² Good data is available for the US, where in some states DRSs have been in place for over 30 years. The 2014 Eunomia Report mentioned above notes that "According to the US Container Recycling Institute, in 1999 beverage container recycling rates were far higher (72% on average by weight) in states with DRSs than those without (28% capture rate)³. Furthermore, the research also shows that the numbers of containers recovered per capita were far higher in the deposit states." According to Returpak in Sweden the total recycling rate for both aluminium cans and PET bottles was 84.% in 2016⁴. This is higher than average local authority recycling services achieve. Although data for drink container recycling is limited, work for Zero Waste Scotland⁵ noted that using a range of sources it was estimated that plastic drinks bottles have a recycling rate of 47% - 52%; glass drinks bottles have a recycling rate of 70% - 90% and aluminium drinks cans a recycling rate of between 40% and 60%.

We recommend that more research is carried out to assess the potential capture and recycling rate impact in England as this will in part depend upon the range of materials within the scope of the DRS; this might examine the current capture rates of drinks containers by material, assess what impact a DRS might have on these capture rates based upon evidence from schemes in other countries and then assess the overall impact on recycling rates. It is also important to consider that unlike most other places where a DRS has been introduced to date, England already has a well-established collection infrastructure in place and this needs to be taken fully into account when assessing potential DRS impacts. The uplift in recycling rates of individual drinks containers may not be as substantial as for earlier DRS schemes because the baseline recycling rate is already higher than it was for these earlier schemes.

² Sara Bergendorff, Returpak at the CIWM webinar "The DRS Debate - Can it deliver?", 7 November 2017

³ <http://www.bottlebill.org> as quoted in Investigating the Impact of Recycling Incentive Schemes Full Report, Eunomia and Serco, January 2014 – available at <http://www.eunomia.co.uk/reports-tools/investigating-the-impact-of-recycling-incentive-schemes/>

⁴ <http://pantamera.nu/om-oss/returpack-in-english/about-returpack/>, Accessed on 13/11/17

⁵ Deposit Return Evidence Summary, prepared for Zero Waste Scotland, June 2017 – available at <http://www.zerowastescotland.org.uk/research/deposit-return-evidence-summary>

Slides Deposit Return Evidence Summary, Zero Waste Scotland, June 2017 – also available at <http://www.zerowastescotland.org.uk/research/deposit-return-evidence-summary>

- 1.4.2 Improved quality of material collected for recycling – at the launch of Eunomia’s most recent report on a DRS system in England (see reference 6) it was noted that the quality of recyclable material collected via a DRS route is likely to be higher than that which is collected kerbside. The report states that “The higher quality of materials collected through a DRS can be expected to result in a higher proportion of the DRS material being successfully recycled, when compared to kerbside collected materials.” Assuming that the DRS materials are kept separate from the kerbside collected materials throughout the recycling journey, local authorities are unlikely to see any direct benefits from the improvement in quality. In comparative terms local authority recycling would be relatively less attractive to MRFs/end-of-chain-reprocessors when compared to DRS collected material; so the market value of these materials may fall for local authorities. The Eunomia report suggests that any negative impact on the value of material income to local authorities following the introduction of a DRS is likely to be offset by savings in recycling collection and street cleaning costs for local authorities. However, savings in these areas are likely to be possible only in very stepped ways (e.g. reducing the number of recycling collection rounds or the frequency of litter bin emptying when the total volume of materials has reduced sufficiently), as the DRS materials are only a small component of what local authorities collect.

We recommend that further evidence is provided as part of a future consultation on the design of a proposed scheme in order to provide more reliable information about the costs and benefits of introducing a DRS. It is important for the modelling to be based upon a proposed system which identifies the materials to be included in the scheme for example, whether the scheme will include all materials at the outset or whether different materials will gradually be incorporated into the DRS over time. The scheme information should also include details of the likely spread of collection points and the potential financial incentive for returning the materials so that respondents can comment.

- 1.4.3 Positive impact on the street scene by reducing the amount of litter on the streets. Residents are unlikely to want to throw away material which has a direct redeemable value. Evidence from the impact of the introduction of the plastic bag levy on 5 October 2015 shows that since the introduction of this scheme the number of bags used has gone down by more than 80 percent in England. The government estimates that over the next 10 years the benefits of the scheme will include savings of £60 million in litter clean-up costs. The Zero Waste Scotland work on the evidence summary for a DRS concluded (see reference 5) that potential direct savings on litter clearance to local authorities following the introduction of a deposit system would probably be between £3 million and £6 million and that “We believe the wider reduction in the costs litter pollution places on society from a deposit system probably fall between £10m and £40m.” (Although it was noted that this would be an alternative to, not additive to, the local authority costs savings above). More recent Eunomia research on the financial

impacts of a DRS on local authority waste services in England⁶ also concluded that a DRS could result in savings on street scene services, with more urban authorities savings potentially in the order for £25,000 to £50,000 per annum. However, NLWA notes the understandably small sample in the Eunomia study and remains concerned that the practicalities of achieving savings are limited for waste collection authorities (e.g. when will it be possible to empty litter bins or sweep streets less frequently due to the DRS materials alone being taken elsewhere?), although clearly disposal expenditure will come down as the tonnage is reduced (as noted below).

We agree that a DRS for drinks containers is likely to be beneficial in terms of reducing the costs of street cleaning – clearing litter specifically. However, we suggest it is necessary to carry out an assessment of the current proportion of litter waste that is drinks containers in order to quantify this benefit. We are concerned that an unintended consequence of a DRS could be that people might scavenge from recycling containers including tipping over wheeled bins set out for collection. This could result in other waste and recyclables being left out on the streets as litter, resulting in further disamenity and clean-up costs for local authorities and loss of the value of those other recyclable materials. A restriction on the number of drinks containers that can be delivered to a deposit-return point, or setting the value of the deposit so as to reduce the attractiveness of scavenging may be suitable ways to avoid this unintended consequence. Further evidence about how other schemes have avoided an increase in scavenging would be useful.

2. Modelling approach to assess the impact of a DRS in England

2.1 Disposal costs

2.1.1 Much of the research work referenced in this NLWA consultation response models the impacts of reductions in residual waste for disposal following the implementation of a DRS. However, we are concerned that the modelling is likely to assume disposal to landfill. For example the Deposit Return Evidence Summary for Zero Waste Scotland (reference 5) notes that a previous report by Eunomia for Zero Waste Scotland ⁷ shows cost savings from avoided disposal following the implementation of a DRS. However, the disposal route was assumed to be via landfill and thus incurring a gate fee and landfill tax. In many areas such as ours where only 8% of our waste is sent to landfill, it would be more appropriate to model the positive impact of a DRS in reducing the amount and cost of waste disposal using an avoided disposal cost calculation based upon a mixed disposal solution combining both landfill and energy-from-waste.

⁶ Impacts of a Deposit Refund System for One-way Beverage Packaging on Local Authority Waste Services, Final Report, Eunomia, 11 October 2017 – available at <http://www.eunomia.co.uk/report-category/topic/waste-recycling/deposit-refund-scheme/>

⁷ Eunomia for Zero Waste Scotland, 2015, A Scottish Deposit Refund Scheme, Eunomia

- 2.1.2 Recycling costs will generally be less than disposal but in a scenario where disposal includes energy-from-waste, and therefore electricity and possibly heat income, it is important that any conclusions about reductions in disposal costs following a DRS implementation are reasonable and based upon a realistic disposal cost per tonne rate.

We recommend that the avoided disposal costs following the implementation of a DRS are modelled using a mixed disposal solution, reflective of the national picture which involves both disposal to landfill and energy-from-waste.

2.2 Waste composition

- 2.2.1 At present we don't know the proportion of drinks containers within the residual waste, mixed recycling and litter in north London and suspect that other authorities may be in the same position. (Dense plastic drinks containers represented 7.9% of our residual waste in our most recent composition survey, but we don't have an up-to-date survey of litter for example and don't have a more detailed breakdown of the types of drinks containers within the overall composition).

We recommend that some further waste composition analysis is carried out to determine the percentage of drinks containers within different waste streams so that the impact of a DRS can be more accurately modelled.

3. Implementation

3.1 Clear communications

- 3.1.1 Most producer responsibility regimes place a requirement on the obligated companies to pay for and in some cases deliver communications to residents to encourage them to participate in the return and recycling scheme. In order to avoid public confusion over how to manage drinks containers, a comprehensive and co-ordinated communications campaign will need to be developed and delivered by all stakeholders.
- 3.1.2 Irrespective of whether a single national DRS implementation body or whether multiple compliance organisations are created, it would be helpful if they used standardised, i.e. the Waste and Resources Actions Programme's (WRAP's) national materials iconography and branding in their communications.
- 3.1.3 If there is a move towards a national colour scheme for waste and recycling containers⁸ we recommend that the national colour scheme is also used for the drinks containers collection points which form part of the DRS.

NLWA recommends that a comprehensive and co-ordinated communications campaign is developed as part of the implementation of a DRS and that these communications use national branding and, if implemented, national container colours for drinks container collection points.

⁸ 'Container colour consultation, Have your say on a national colour scheme for waste and recycling containers in England', Waste and Resources Action Programme (WRAP), 12 October 2017 – available at <http://www.wrap.org.uk/collections-and-reprocessing/consistency/guidance/container-colour-consultation>

3.2 **Retailer involvement**

- 3.2.1 As mentioned above, clear communications to residents will be a pre-requisite to the effective implementation of a drinks container DRS in England. An essential part of this communications will be to identify the deposit return points for the empty drinks containers. It is important that small local retailers are not harmed by a DRS because they cannot accommodate or justify complex reverse vending machines. We are concerned that small retailers are therefore included within any trials and the implementation programme to ensure an effective network of collection points across the country, particularly in areas where there are fewer large retailers (whether inner city or rural). We suggest that consideration is given to providing a range of appropriate collection points across the country – but this requires a good response from the retail sector. A DRS should not be introduced without certainty that the collection network is adequate. In our view this network should not be confined to large retailers.

We recommend that any future consultation about the scheme includes some more information about how a range of retailers (large and small) can be involved and what the mechanism will be for encouraging them to take part in the scheme by having collection containers installed in-store. Certainty about the anticipated retail response should be provided before a DRS is introduced and consideration should be given to the adequacy of the collection network in areas where the retail opportunities for installing reverse vending equipment may be more limited.

3.3 **Waste Hierarchy and design for reuse and recycling**

- 3.3.1 A further consideration is how the implementation of a proposed DRS for drinks containers will incentivise reuse, in accordance with the principles of the waste hierarchy and circular economy, as this should be incorporated into the design and development of the scheme from the outset.

NLWA recommends that any further consultation, policy or legislation on the implementation of a DRS for drinks containers fully incorporates consideration of how to follow the waste hierarchy.

- 3.4 One opportunity which may be presented is that if product manufacturers are required to meet the costs of establishing a network of collection points and the processing of the material collected through a DRS then this could also incentivise them to make the products obligated by the DRS regime more reusable and recyclable. The scheme itself should also be designed to reward actions higher up the waste hierarchy wherever possible, e.g. drinks containers which are considered to be refillable and reusable a sufficient number of times could be exempt from the DRS levy on the sales price. We suggest that any further consultation and/or government policy explicitly addresses options that might reduce the amount of waste arising (particularly where the remaining waste is still recyclable). Some assessment of such additional benefits and how to ensure they materialise wherever possible should be included in the Government's further work and any further consultation documents about the DRS.

3.5 Managing the potential impact on household recycling rates

- 3.5.1 Finally, it is possible that local authority household recycling rates might fall following the implementation of a DRS because recyclable drinks containers have been removed from the kerbside recycling system. The argument can be made that people will prefer to recycle their drinks containers through the DRS rather than through their kerbside collection service. It would be helpful if it were possible to develop a system so that the tonnages collected through the DRS can be allocated to local authorities to prevent a fall in published local authority recycling rates. We are concerned that a fall in published recycling rates could act as a disincentive for people to recycle through either system. It would be helpful if it were possible for participating retailers to provide tonnage data to local authorities so that there is no negative impact on local authority published recycling rates, this would be helpful. However, where the DRS attracts non-recyclers to recycle and where drinks containers are captured by the DRS from litter or residual waste for example this will be both a net environmental gain and a saving on local authority disposal costs.

We recommend that it would be helpful if a forecast could be provided about the likely impact on published household recycling rates following the introduction of a DRS, along with details of how it is proposed to mitigate any such negative impact so that consultees can comment at the next stage of consideration. We also recommend that any new DRS regime requires all recycled tonnages to be allocated (by the best means reasonably available) to local authorities in order to mitigate any negative impacts on published household recycling rates, noting that a fall in published recycling rates would act as a disincentive to residents to recycle through either the DRS or local authority collections route.

4. Conclusion

- 4.1 In conclusion NLWA is broadly supportive of the introduction of a DRS for drinks containers. We have seen a DRS work well in other countries and the evidence provided to date suggests that a DRS could work well in England too. However, in our view, further information is required for meaningful comment to be made at the next stage of policy consideration. In particular, information is required so that we have a proper baseline of information from which modelled projections of impact can be made. As noted above, the amount of drinks containers in the residual and litter streams should be assessed. Additionally, we need to understand current capture rates of these containers within the recycling stream too, i.e. what proportion of drinks containers are currently captured for recycling and what proportion are currently disposed. Only after we have an up-to-date and accurate baseline of information will we be able to properly assess the potential impact of introducing a DRS for drinks containers in England.


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