

**NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:**

**COMMERCIAL AND INDUSTRIAL WASTE IN ENGLAND**

**REPORT OF:**

**HEAD OF WASTE STRATEGY AND CONTRACTS**

**FOR SUBMISSION TO:**

**AUTHORITY MEETING**

**DATE:**

**9<sup>th</sup> December 2009**

**SUMMARY OF REPORT:**

This report updates Members on a Defra policy statement issued in October which outlines Defra's aims and actions in relation to commercial and industrial waste in England. The document, 'Commercial and Industrial Waste in England, Statement of aims and actions 2009' sets out 12 key actions on commercial and industrial waste that Defra intends to carry out in forthcoming months.

The implications of the statement from the Authority's perspective are highlighted where possible, but it is anticipated that additional detail will become available over forthcoming months for a number of the actions. Further updates will be provided to Members in due course.

**RECOMMENDATION**

The Authority is recommended to note the contents of this report.

**Signed by Head of Waste Strategy  
and Contracts**



**Date: 30th November 2009**

## **1.0 INTRODUCTION**

- 1.1 Launched in October 2009, 'Commercial and Industrial Waste in England, Statement of aims and actions 2009, Defra, 2009', is a policy statement designed to address areas of the English Waste Strategy 2007 covering commercial and industrial waste.
- 1.2 The statement explains that a key part of the government's vision is to achieve a greater degree of convergence in policy between commercial and industrial waste and household waste, this is because, as the document says, 'in terms of carbon and other impacts it makes little difference whether the source of any given kind of waste is businesses or households'.
- 1.3 The policy statement notes that the context within which commercial and industrial waste must be managed is also changing, in particular as a result firstly of the revised Waste Framework Directive, secondly carbon budgets, and thirdly a possibly changing composition of commercial and industrial waste, with a possible decrease in industrial waste arisings countered by a rise in commercial arisings. The paucity of comprehensive, up-to-date data on commercial and industrial waste is recognised within the document.
- 1.4 The policy statement additionally recognises the economic benefits of tackling commercial and industrial waste and notes that 'improving the productivity with which natural resources are used can generate new opportunities and jobs.'
- 1.5 Finally, the document notes that as individuals we all have the opportunity to recycle our waste at home. However, in the future the government would like to see everyone having opportunities to recycle wherever they are, be that at home, at work, whilst travelling and while enjoying leisure activities, thereby reinforcing messages about protecting resources and reducing waste in all spheres of life.

## **2.0 COMMERCIAL AND INDUSTRIAL WASTE – THE SCALE OF THE CHALLENGE**

- 2.1 A survey carried out by the Environment Agency of 4,500 industrial and commercial businesses in England in 2002/03 resulted in the conclusion that 30 million tonnes of commercial waste and 38 million tonnes of industrial waste were produced in England in 2002/03. Together, commercial and industrial waste accounts for an estimated 24% of all waste arisings in England. Household waste accounts for 9% of the total, with the remainder being demolition and construction waste (32%), mining and quarrying waste (30%), dredged materials (5%) and agricultural waste and sewage sludge each at less than 1% of the total.

- 2.2 Given that commercial and industrial waste accounts for nearly one quarter of all the waste produced in England there is a need to address its production and management.
- 2.3 In terms of business types, the main generators of commercial and industrial waste are:
- Retail – which generates 19% of the total (12.7 million tonnes)
  - Food, drink and tobacco – generating 11% of the total (7.2 million tonnes)
  - Chemical industries (similarly accounting for 11% of the total)
  - Professional services and others – which collectively generate 20% of the total (13.5 million tonnes).
- 2.4 Other categories in the survey included utilities (9% of the total), machinery and equipment/other manufacturing (8%), basic metal manufacture (7%) and hotels/catering (5%). The public sector was estimated to generate 5% of the total commercial and industrial waste arising.
- 2.5 In terms of the numbers of businesses involved in recycling, the policy statement notes that there are 4 million businesses in England, but there are still 1.16 million businesses that are not recycling. Of those 2.84 businesses that are recycling, the policy statement notes that it is most probable that they are able to recycle more.
- 2.6 At the time of the Environment Agency survey, commercial and industrial waste in England was being dealt with as follows:
- 9% Reused
  - 33% Recycled
  - 4% Thermally treated
  - 41% Landfilled

This compares with the treatment of household waste and municipal waste (the latter includes local authority collected commercial and industrial waste) in 2005 of:

- 27% Reused, Recycled and Composted
- 38% Recovered
- 35% Landfilled

Source: Waste Strategy for England, 2007

- 2.7 Defra's aims for commercial and industrial waste according to the policy statement are the same as for household and other types of waste, namely to:
- Reduce the amount of waste that arises in the first place.
  - Increase the proportion of the waste that does arise which is productively reused, recycled or recovered.

- Reduce significantly the amount of waste that is sent to landfill or incinerated without recovering energy.
- Manage any remaining residual waste responsibly.
- Maximise the investment opportunities for business from commercial and industrial waste management.

2.8 The policy statement notes that the increasing levels of landfill tax will also be a factor in moving more commercial and industrial waste away from landfill. With the tax set to rise to £48 per tonne on 1<sup>st</sup> April 2010 and rise by a further £8 per tonne for every year thereafter, up to a level of £72 per tonne in 2013 there is a powerful incentive to find alternatives to landfill, although the policy statement notes that for many small businesses in particular, the cost of waste management at present is a small part of their expenditure and something on which they have little time and resources to focus.

2.9 The number of existing voluntary and support arrangements already in place for businesses are noted in the document. In particular the policy statement singles out the Courtauld Commitment which seeks to reduce food and packaging waste in the grocery retail sector and agreement with the newspaper, magazine and direct mail sectors primarily aimed at increasing the recycling of paper.

2.10 The work of the Environment Agency and the Waste and Resources Action Programme jointly to deliver a series of waste protocols for the production and use of recycled products is also noted, as is the advice available to businesses in the form of the National Industrial Symbiosis Programme (NISP), whilst finally a number of 'product roadmaps' have also been produced to assist. Defra says that the product roadmaps are part of the move to try and encourage and advise businesses to produce more sustainable products, to cut waste and to improve sustainability.

### **3.0 THE TWELVE ACTIONS INCLUDED IN THE POLICY STATEMENT**

3.1 The following section details the twelve actions included in the policy statement and identifies the implications of those that are considered of importance for the Authority.

3.2 **“ACTION 1.** Defra will fund a competition for a pilot trade waste bring bank in the autumn 2009.”

- 3.3 According to the policy statement many small to medium enterprises (SMEs)<sup>1</sup> find it difficult to find a local trade waste recycling service. One of the main barriers according to the policy statement is that the collection of SME trade waste recycling is not considered to be commercially viable by some of the larger companies in the waste sector as the volumes of material to be collected from SMEs are too small. The two main barriers to recycling from the SMEs' perspective, according to the policy statement are the cost of a recycling service, if it costs them more than their current waste disposal arrangements then there is no incentive to take up a service; whilst the other barrier is a lack of space to store the material prior to collection. The policy statement suggests however that there is good evidence to suggest that more could be done to improve SME recycling rates on industrial estates and business parks.
- 3.4 The policy statement notes nonetheless that SMEs require 'appropriate stimuli' such as hand holding, grants or regulations in order to make things happen. Defra has accordingly asked the Waste and Resources Action Programme (WRAP) to review the existing data from SME recycling trials and from that design an appropriate competition for launch in the autumn.

#### **Implications for the Authority**

- 3.5 The trial is likely to provide useful information for the constituent borough councils about trade waste recycling on industrial estates and business parks, which could assist in the long term development of plans for trade waste. From the Authority's perspective we need to keep abreast of developments and through liaison with borough colleagues ensure that any developments in relation to trade waste recycling are modelled into forward projections for both recycling tonnages and landfill allowance limits as set out in the landfill allowance trading scheme (LATS).
- 3.6 **"ACTION 2.** Defra will provide advice and further funding of £100,000 in 2009/10 for Local Authorities and public sector organisations to trial pilot trade waste collection schemes."
- 3.7 It is recognised in the policy statement that local authorities will need to take into account the impact on their position in relation to the landfill allowance trading scheme when considering setting up and running a trade waste collection service. Because the LATS scheme sets fixed percentages of municipal waste that can be landfilled by an authority in relation to the base year of 1995, any increase in the amount of waste collected potentially counts negatively towards those limits and this therefore provides a disincentive to increasing the amount of trade waste collected.

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<sup>1</sup> The Waste and Resources Action Programme (WRAP) defines an SME as a business with less than 250 employees, a turnover total less than £35.36 million or a balance sheet total (net worth) of less than £30.4 million. Source: SME Recycling feasibility trials evaluation report, WRAP, August 2007

- 3.8 It is noted in the policy statement that because of the LATS scheme the prospects for some local authorities to expand their collection of commercial and industrial or 'trade' waste, especially in the short term, might lie in collecting commercial biodegradable waste such as paper, cardboard, food and wood, where this can be recycled or composted so that the additional material doesn't have to be landfilled and so contribute negatively towards the fixed limits/targets that are allowed to be sent to landfill under the LATS scheme.
- 3.9 A considerable amount of advice and financial support is already provided in relation to trade waste, particularly through the BREW (Business Resource Efficiency and Waste) centre. Defra is currently funding 15 local authority projects worth £560,000 in 2009/10 via the BREW centre.

#### **Implications for the Authority**

- 3.10 Action 2 does not have significant implications for the Authority although if any of the constituent borough councils should increase their trade waste recycling service as a result of BREW funding or other initiatives, then the Authority would need to be advised in advance in order to make any necessary contractual and budgetary provisions.
- 3.11 **"ACTION 3.** Defra will amend guidance on the Duty of Care both to make it clearer what an individual business's responsibilities are and to encourage information about pre-treatment to be recorded on waste transfer notes, enabling landfill operators to determine more easily whether waste delivered to them is suitable for landfill. This will be published in autumn 2009. Defra will also conduct a new survey with businesses about their awareness of their legal duties with respect to waste disposal and review any future actions in light of these results."
- 3.12 **"ACTION 4.** We will ask WRAP to prioritise work on C&I waste in 2009/10 and beyond so that they can give further advice and support to businesses and others on resource efficiency and reducing waste."
- 3.13 **"ACTION 5.** Defra will run a campaign this autumn to provide advice and support to business on resource efficiency and waste minimisation, (following from the 'Saving Money, it's your Business' campaign run by Defra and supported by Businesslink.gov from January to March 2009)."
- 3.14 **"ACTION 6.** Defra and the department for Business Innovation and Skills are working together to identify new business opportunities for UK companies in managing commercial and industrial waste in innovative ways which can deliver both economic and environmental benefits. They will produce a strategy by early 2010 that will identify business opportunities that can transform the waste market and ultimately deliver both economic and environmental benefits."

### **Implications for the Authority**

- 3.15 It is not envisaged that actions 3, 4, 5 and 6 will have significant implications for the Authority.
- 3.16 “**ACTION 7.** Defra will work with the waste management sector and other interested parties such as utility companies, Royal Mail and the third sector to help businesses increase their recycling rates and help promote viable trade waste collection businesses for SMEs.”
- 3.17 The policy statement notes some research carried out by Taylor Intelligence. This showed that out of those SMEs without a recycling scheme in the workplace, 34% said that they did not use a recycling collection service because they took their non-hazardous waste home to recycle. Out of those who did not recycle, the survey also showed that 59% said that they would recycle in the workplace if bins were provided.
- 3.18 Defra is exploring with interested parties such as utility companies, Royal Mail, Eastex (national materials exchange), Greenworks (a London based charity and social enterprise that collects and provides reused office and school furniture), Freecycle and Freegle (internet based waste exchange services) and third sector organisations what further advice and best practice needs to be provided on setting up and running ‘waste’ depots for furniture and office fittings reuse, such as office tables, chairs, carpets and lighting. The policy statement notes that Defra’s work will also assess how business and other relevant parties’ awareness of such schemes can be raised in order to encourage their use. A report on this assessment will be produced in winter 2010 according to the policy statement.

### **Implications for the Authority**

- 3.19 The main implications for the Authority are that if commercial and industrial furniture reuse increases in north London, then it might alter the Authority and the partners’ plans included within the next waste prevention plan for the area in relation to furniture reuse, particularly if available processing capacity becomes less available to the Authority or to its constituent borough councils. It will therefore be important to keep abreast of these developments and to incorporate any resulting information and implications within the next waste prevention plan which will be presented to the February Authority meeting.
- 3.20 “**ACTION 8.** Defra will carry out a national survey of C&I waste by the end of 2010.”

- 3.21 The policy statement recognises that there is an absence of reliable and up-to-date data on commercial and industrial waste which makes it difficult to set and monitor against targets. For example the policy statement does not set any targets for the diversion of commercial and industrial waste from landfill. Accordingly it is intended that a national survey of commercial and industrial waste will be carried out by the end of 2010.

#### **Implications for the Authority**

- 3.22 This is something to be welcomed as it will assist for example in waste planning, as the North London Waste Plan for example considers municipal, commercial and industrial, construction, demolition and excavation waste as well as hazardous waste.
- 3.33 **“ACTION 9.** We will consult on options for introducing further restrictions on landfilling of biodegradable and recyclable wastes in early 2010.”
- 3.34 Acknowledging that a number of other EU Member States have found that imposing restrictions on the types of waste that can be sent to landfill has encouraged higher rates of recycling and recovery the policy statement notes that the government made a commitment in Waste Strategy 2007 in this regard. Specifically, the commitment was to consult, subject to further analysis, on whether the introduction of further restrictions on the landfilling of biodegradable and recyclable materials would make an effective contribution to reducing greenhouse gas emissions and increasing resource efficiency. Two research studies have been commissioned, one looking at experiences in other countries, the second considering the feasibility and practical aspects of possible bans or restrictions on landfilling certain materials.

#### **Implications for the Authority**

- 3.35 It is too early to assess the full implications of this action, however if the landfilling of biodegradable and recyclable commercial and industrial waste is restricted, this could have the consequence that boroughs need to introduce additional recycling and organics collection services for their trade waste customers. For the Authority this potentially means a move of trade waste away from disposal to additional recycling and composting or recovery. However, without knowing at this stage what the restrictions might be or when they might come into place, it is too early to assess the full implications in tonnage terms. It would also be necessary to have a ‘de-minimus’ on any material so that if a small amount of a particular material was landfilled as a result of incomplete segregation by producers (residents or boroughs’ trade waste customers), there should be no penalty as a result. However, this proposal is something that will potentially affect future tonnages contracted for recycling and composting or other forms of treatment.

3.36 **“ACTION 10.** Once Defra and BIS have completed initial research with the British Standards Institute in autumn 2009, we will consult stakeholders on the way forward.”

3.37 Action 10 relates to the possibility of introducing a standard on waste minimisation for business. Further work is needed in this regard, before the consultation can start according to the policy statement

**Implications for the Authority**

3.38 It is too early to assess any implications for the Authority regarding this action, but the consultation document will be reviewed once it is issued and a further report will be brought back to Members at a future Authority meeting.

3.39 **“ACTION 11.** Defra is working with others to promote sustainable event management and to identify how challenges and barriers preventing good recycling performance and high landfill diversion can be overcome. Defra will host a workshop in early 2010 for the event and waste management sectors and other interested parties to ensure that awareness of this standard is enhanced.”

3.40 The ‘Specification for a sustainability management system for events’ – BS 8901:2009 – sets out some standards for events and is inspired by the Olympic and Paralympic Games in London in 2012. The policy statement notes that the events industry ‘is already taking steps towards a more sustainable approach to hosting events.’ Working with the London Organising Committee of the Olympic and Paralympic Games (LOCOG), Defra wants to identify opportunities to overcome the challenges and potential barriers to achieving better recycling performance and higher landfill diversion rates in the industry and show how waste reduction and recycling makes financial as well as environmental sense. It is also noted that a more visible presence of recycling at events would help to reinforce public behavioural change in this regard.

**Implications for the Authority**

3.41 This action does not have direct or immediate implications for the Authority, but will be noted by the constituent borough councils.

3.42 **“ACTION 12.** Defra will work with its delivery bodies, DCLG, the British Institute of Facilities Management and the Cleaning & Support Services Association, FSB [Federation of Small Businesses] and other interested parties on what further advice and support we could provide to help promulgate examples of good practice on sustainable waste management facilities to the Professional Bodies representing estate and facilities managers, architects and planners.”

**Implications for the Authority**

3.43 Action 12 is not anticipated to have significant implications for the Authority.

## **4.0 RECOMMENDATION**

The Authority is recommended to note the contents of this report.

## **5.0 COMMENTS OF THE FINANCIAL ADVISER**

5.1 The report sets out the current direction of travel to reduce the amount of commercial and industrial wastes sent to landfill. Although it is not envisaged that the Defra action plan will have any financial implications for the Authority in 2010/11 there could be cost implications in subsequent years. Whilst any increase in the treatment cost of recyclable wastes sent to the Authority (or, indeed, any increase in residual wastes as a result of boroughs providing a comprehensive waste collection service for new commercial and industrial customers) will be recovered through the non-household charging mechanism, which in turn should be recovered by the boroughs in their charges to customers, there could be potential facility and service implications for the Authority's new waste treatment services contracts. In addition, as referred to at 3.7 and 3.8 there are potential adverse LATS implications which could result in a cost.

5.2 For the constituent boroughs, landfill restrictions or bans could therefore increase collection costs if additional collection services were required over and above those provided at present. For the Authority the situation is more difficult to assess, because as noted above, they could potentially result in an increase in expenditure in treatment, processing and LATS, although as the cost of disposal to landfill increases, the reverse could be true.

5.3 Although this document is focussed on commercial and industrial waste, there is no indication in the document whether landfill restrictions and bans might be applied to a wider group of wastes than this. If so, then the financial implications of the same would potentially be more significant.

## **6.0 COMMENTS OF THE LEGAL ADVISER**

6.1 The Legal Adviser has been consulted in the preparation of this report and he has no further comments to add.

## **Local Government Act 1972 – Access to information**

**Documents and websites used:** Commercial and Industrial Waste in England, Statement of aims and actions 2009, Defra, October 2009

Waste Strategy for England 2007, Defra, May 2007  
Available at:  
<http://www.defra.gov.uk/ENVIRONMENT/waste/strategy/strategy07/index.htm>

Environment Agency commercial and industrial Waste survey 2002/03 available at  
<http://www.defra.gov.uk/evidence/statistics/environment/waste/kf/wrkf03.htm>

Work by Taylor Intelligence, available at  
<http://www.taylorbins.co.uk/eng/About/Taylor-Intelligence>

North London Waste Plan, Preferred Options, Mouchel, October 2009, available at [www.nlwp.net](http://www.nlwp.net)

North London Waste Prevention Plan, 2008-2010, available at [www.nlwa.gov.uk/yourwaste](http://www.nlwa.gov.uk/yourwaste)

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**Report Ends**