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Waste Strategy 2007: Two Years On

EEF recommendations for improving
strategy and delivery of waste and
resources policy

About EEF

With over 6,000 business members from the manufacturing community (employing approximately 1 million employees) and more than 20,000 associate companies, EEF is dedicated to fostering enterprise and evolution across manufacturing to keep industry competitive, dynamic and future focused.

As the only membership organisation dedicated entirely to manufacturing, we are an established UK leader in the delivery of business services, government representation and industry intelligence.

Commercially driven and re-investing profits for the benefit of industry and members, EEF's trusted influence means that manufacturing companies are particularly receptive to the advice and service offerings of carefully-selected partners with whom we choose to work.

Our network of offices in England and Wales keeps us close to our members, allowing us to focus on local issues and thereby to function as a unique community. Our London office provides a focal point for development of our broad portfolio of business services designed to deliver maximum value. From London, EEF provides first-class representation with government and regulatory bodies and supports our local offices in their programmes to influence regional policy. Our structure places us at the heart of the UK business community.

EEF's broad service portfolio is delivered by an unparalleled team of experts including 30 economists and policy specialists, 90 HR and legal advisers, 150 health, safety and environment advisors, 20 occupational health specialists and around 200 trainers, based in our regional offices and in centres of excellence nationwide.

Outline

Introduction	3
Executive summary	3
Background & Context.....	3
Limitations of the existing Waste Strategy	5
A Vision for Waste to Resources.....	6
Going Forward: Policy Recommendations	8
Conclusions.....	9

Introduction

Sustainable use and management of waste and resources is one of the most pressing challenges facing the UK. Its effective management is critical for sustainable development.

This paper focuses on the key challenges for UK manufacturing companies from delivering the Government's Strategy for Waste (for England) and sets out a number of policy recommendations.

It argues for:

- a shift in thinking from waste as a "problem" to a valuable resource
- a more outcome based and strategic approach across waste and resources policy based on life-cycle thinking

The Government's Strategy for Waste (for England) was published in 2007. Two years on, a number of the policy commitment made in the strategy remain either outstanding or do not effectively contribute to resource efficiency and climate change mitigation as intended. EEF therefore calls for a radical overhaul of government waste strategy to ensure business and the UK economy as a whole can benefit from opportunities through sustainable waste management and resource efficiency.

Executive summary

To summarise EEF calls for:

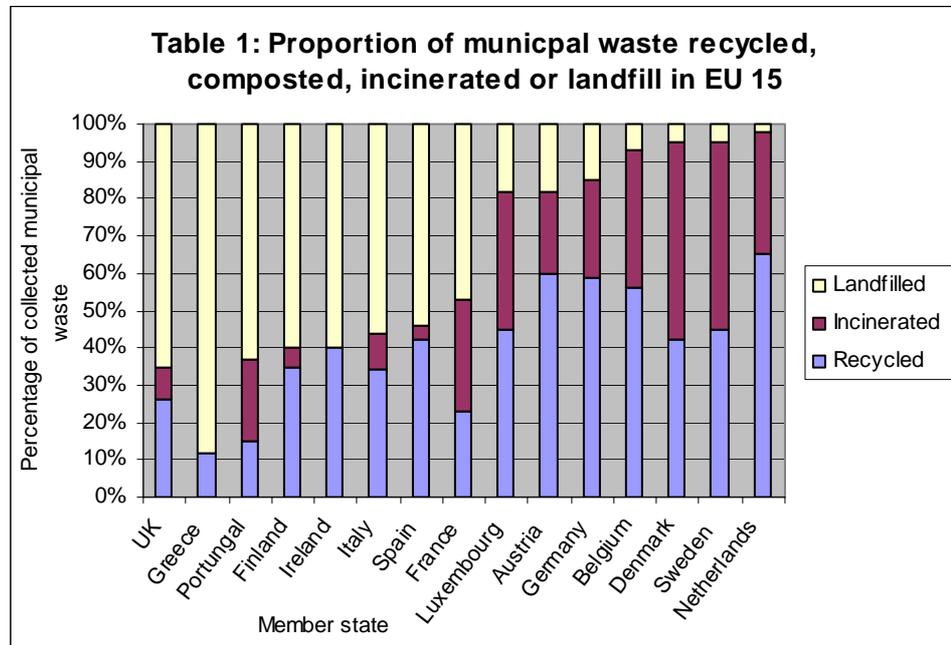
- A clear and long-term resource management strategy, setting out a vision for how the UK will make the most of its available raw material and energy resources
- Waste legislation and guidance must be simplified to allow business to fully contribute to sustainable waste and resource management
- Facilitate speedy delivery of the necessary infrastructure and services to facilitate the recovery of useful resources from all waste streams
- Provide targeted advice and support to encourage business resource efficiency through eco-design, process re-engineering and R&D funding
- Encourage resource use optimisation across product/material life-cycles by stimulating demand for resource efficient products

Background & Context

The UK produces 335m tonnes of waste annually. Historically, the majority of this ended up being disposed of in landfill or burnt in incinerators. However, both contribute significant greenhouse gas emissions. There is also increasing evidence that developed countries like the UK use more resources than the planet can sustain in the long term and in future. Increased global demand for resources could threaten the supply of certain materials that are critical for the functioning of our economy.

There has been increasing pressure on the UK government to reduce the amount of waste going to landfill, particularly the most hazardous fraction of this waste. This has been primarily driven by European legislation, such as the landfill directive and producer responsibility directives on packaging, electrical equipment, batteries and end-of-life vehicles. As a result of this legislation,

some progress has been made over the past 10 years. However, the UK is still far behind many of its European neighbours when it comes to recovery of waste (see Table 1)¹.



Source: EUROSTATS

The handling of waste is a key environmental issue and a significant cost to UK manufacturers. Waste minimisation is therefore already an important part of business models. Accurate data on commercial and industrial waste is limited but according to government figures, the industrial sector already recovers more than 50% of its waste and was the first to show signs of decoupling (i.e. waste growth below economic growth). This trend is supported by a recent EEF survey² which showed that over 96% of respondents have, or are planning to, take action on waste management. Half of the members we surveyed have already implemented waste prevention, reuse and recycling strategies across their organisation.

UK manufacturers are already taking on the challenge of sustainable resource use and waste management. Now, EEF looks to government to ensure that the policy framework provides the right climate for industry to take this to the next level, whilst thriving in a highly competitive environment.

¹ EUROSTATS. The graph focuses on municipal waste as no comparable data on commercial and industrial waste is available

² EEF Climate and Environment survey (2009), unpublished at time of going to press

Limitations of the existing Waste Strategy

In May 2007, government published its revised Waste Strategy for England setting out key objectives, targets and policies for sustainable waste and resource management to 2020. The Strategy's overall goal is to reduce the environmental and economic costs of waste. To achieve this, the Strategy set out a number of objectives and targets (Box 1).

Box 1: Waste Strategy 2007- key objectives³

- to decouple waste growth (in all sectors) from economic growth and put more emphasis on **waste prevention and reuse**;
- to meet and exceed the **Landfill Directive targets** for biodegradable municipal waste in 2010, 2013 and 2020;
- to increase diversion from landfill of **non-municipal waste** and secure better integration of treatment for municipal and non-municipal waste;
- to secure the **investment in infrastructure** needed to divert waste from landfill and for the management of hazardous waste;
- to get the most environmental benefit from that investment, through **increased recycling of resources and recovery of energy** from residual waste using a mix of technologies.

However, two years on the Strategy is showing a lack of a clear direction and policies on resource efficiency and many of the policy commitments on improving business waste management and resource efficiency have yet to come to fruition.

The main problems with the existing Strategy are:

Complex waste regulations are a barrier to achieving resource efficiency objectives. Once a material is legally defined as “waste” it is subject to a plethora of regulatory controls. While these controls are important for particular waste streams, in some cases waste regulation is overly prescriptive and not sufficiently based on the risk posed by the waste. Perversely, this can make reuse and recycling uneconomic. To address uncertainties over when a material is legally defined as waste, the Strategy promised updated guidance for consultation in summer 2007. Likewise, reforms of the permitting and exemption systems and the controls on handling, transfer and movement of waste during 2008 and 2009 were supposed to lead to simplified and more risk-based systems. Yet none of this has been delivered. This significant delay means that unnecessary administrative and cost burdens continue to incur additional resources and costs for business to the detriment of competitiveness. At worst it means opportunities to further improve resource efficiency within industry are not being pursued.

Lack of infrastructure and services for sustainable waste management. Policy measures focus on restricting businesses' ability to dispose waste to landfill. However, whilst landfill tax and regulations requiring businesses to pre-treat their waste before sending it to landfill are

³ DEFRA (2007) Waste Strategy for England

encouraging businesses to look for alternatives, too often efforts to use more sustainable waste management routes are hampered by a lack of cost-effective services or technological solutions for the waste. The National Audit Office (NAO) recently confirmed that there is likely to be a lack of facilities to meet future landfill diversion targets⁴. The availability of capacity to deal with commercial and industrial waste is even less clear. The lack of infrastructure is particularly pertinent for small companies, who may not produce enough waste to be considered an economically viable customer for commercial waste contractors. To this end, the Strategy proposed increased (voluntary) involvement by local authorities in trade waste collection and provided funding for best practice pilots. However, EEF has anecdotal evidence that local authorities are reluctant to get involved in business waste recycling services for fear that it will undermine their targets to divert biodegradable waste from landfill sites.

Weak incentives for innovation in low-waste and resource efficient products. Waste minimisation can best be achieved by addressing the issue at the design stage of a product's life. To identify priorities for action on stimulating the supply and demand for "sustainable" products, Department for Environment, Food and Rural Affairs (DEFRA) set up a new products and materials unit and published a progress report for consultation in summer 2008. However, a year later the outcome of this consultation has yet to be communicated widely back to stakeholders and the unit appears lacking in direction and focus. For industry to have the confidence to make the necessary investment, particularly in this difficult economic climate, greater emphasis must be placed on stimulating innovation and demand for resource efficient products.

Business advice and support on resource efficiency remains incoherent and not targeted. DEFRA announced in 2008 that the Business Resource Efficiency and Waste (BREW) programme, a £284m funding stream generated through revenues from the landfill tax, would be dissolved and the ring-fence around the landfill tax escalator removed. This led to an immediate reduction in support for businesses. Earlier this year, DEFRA announced that a single body for resource efficiency would be created under the auspice of Waste and Resource Action Programme (WRAP), which would be fully operational by April 2010. EEF is supportive of this approach; however, EEF believes that practical and direct support will continue to be needed for SMEs, who often lack the expertise to identify resource efficiency opportunities on their own.

As a consequence, the Strategy is failing to deliver on some of its primary objectives. Instead of encouraging waste reduction and making the most out of the useful resources contained in waste, government action continues to focus on diverting municipal biodegradable waste from landfill, when the municipal stream makes up only 9% of the country's waste. There are huge opportunities in getting more value out of the industrial waste stream. The implementation of the strategy therefore is missing a huge opportunity to help address climate change and resource efficiency.

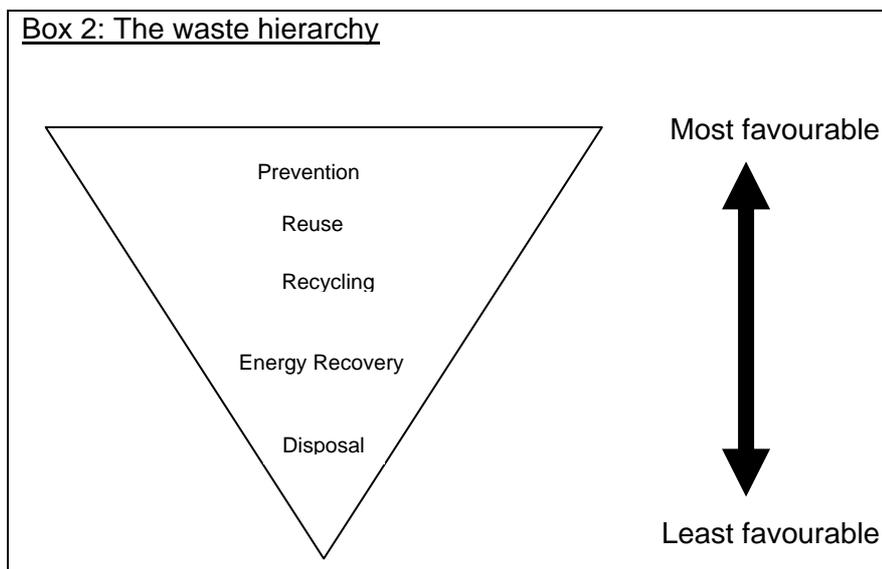
A Vision for Waste to Resources

A more coherent and joined-up approach is urgently required to balance the need to address the global challenges of climate change and material security, whilst balancing the need to protect the environment from unsustainable resource use and poor waste management. The first step is for government policy to **stop viewing "waste" as a problem, but as a potentially valuable resource.**

⁴ NAO (2009) Defra. Managing the waste PFI process.

Waste hierarchy versus life cycle thinking

The “Waste Hierarchy” (Box 2), which sets out waste management options in order of preference, has long been serving as a useful guide to policy-makers and business alike to the priorities of waste handling. However, options further up the hierarchy may not always be the most sustainable option, when taking into account environmental, social and economic considerations.



Our knowledge on the life-cycle impact of materials remains limited and Life Cycle Assessments (LCA) can provide conflicting results as to the most environmentally beneficial solution for a particular waste stream. Whether reuse, recycling or energy recovery is undertaken, will also depend on the type of waste stream and whether cost-effective services, resource recovery infrastructure and technological solutions exist. ***The hierarchy should continue to be treated as a general guide rather than an absolute rule. All the options in the hierarchy have a place in the handling of waste for which they may be the most appropriate.***

Decoupling: Waste avoidance through resource use optimisation

Resource efficiency and waste minimisation are key priorities for companies as they impact on competitiveness. DEFRA commissioned research⁵ shows industry could save a further £6.4bn a year through increased resource efficiency, and industry acknowledges this. However as industrial production increases, so does waste production, even though material efficiency may have improved and less waste is produced per unit of output. A concern for manufacturing is that ill-devised government waste prevention policies could lead to reduced production levels harming the competitiveness of industry. This should be a consideration for policy-makers as the manufacturing sector is slowly coming out of the recession.

Closing the loop: from waste to resource

Material recycling and energy recovery offer significant carbon benefits. According to WRAP, current levels of recycling save more than 18 million tonnes of CO₂ a year. Energy recovered from waste materials has the potential to make a significant contribution to the UK's target of producing 30% of electricity from renewables⁶. However, we must ensure that the material recycled and energy recovered has a market to ensure it is being used to replace virgin raw materials. For this it is important that the infrastructure and technologies for resource recovery are available and that the output of the process is considered “fit for purpose” by providing

⁵ DEFRA (2007) Quantification of Business Benefits of Resource Efficiency

⁶ BERR (2008) Renewable Energy Strategy

information and, where appropriate, setting standards encouraging the use of recycled materials. Partnerships between firms (including waste producers, raw material users, resource recovery facilities and energy providers) to facilitate waste exchanges, where the waste of one company becomes the raw material of another should be actively encouraged. ***There is a need for a more joined up and strategic approach across waste, energy, climate change and resources policies to ensure that opportunities for resource efficiency are not missed.***

Going Forward: Policy Recommendations

- ***A clear and long-term resource management strategy.*** EEF would like government to take a fresh look at waste and resources policy and set a clear and long-term sustainable resources management strategy. This must include a clear vision for how the UK will make the most of its available resources through greater resource efficiency. With numerous measures now in place to deal with municipal waste, opportunities for using industrial waste as a resource through reuse, recycling and energy recovery must take centre stage in the strategy. In addition, the strategy must ensure it is closely aligned with the wider objectives of climate change mitigation and material and energy security.
- ***Waste legislation and guidance must be simplified to allow business to fully contribute to sustainable waste and resource management.*** Whilst effective controls are necessary to ensure the safe handling and environmentally sound disposal of harmful wastes, waste management controls should not pose a barrier to greater involvement in resource efficiency. Government must provide simple, coherent and accurate guidance on the definition of waste and make waste controls more proportionate to the risk involved by removing unnecessary administrative and cost burdens on businesses when handling, transporting or using low-risk waste materials.
- ***Facilitate speedy delivery of the necessary infrastructure and services to facilitate the recovery of useful resources from all waste streams.*** To help manufacturers contribute to a more resource efficient economy, easier access to waste recycling and recovery services is desperately needed. This means new infrastructure to recover resources (including energy) and greater support for recycled material markets. In the first instance, we believe there should be much more integration between the municipal and industrial waste streams to make the most of economies of scale. Wherever possible local and regional partnerships should be encouraged to ensure optimum use of all waste streams.
- ***Provide targeted advice and support to encourage business resource efficiency through eco-design, process re-engineering and R&D funding.*** The biggest barrier to greater resource efficiency within manufacturing processes is often a lack of understanding of environmental costs. This indicates a clear market failure which needs to be addressed. EEF acknowledges that the WRAP has been tasked with the creation of a new single body for resource efficiency. WRAP must not lose sight of the support that manufacturers still require. We want to see a programme of work delivered by WRAP which specifically addresses support for resource efficiency through eco-design, process re-engineering and R&D funding. This needs to lead to a cost-effective, business focused and transparent national approach to delivery of resource efficiency advice and support to business.
- ***Encourage resource use optimisation across product/material life-cycles by the government's ability to stimulate demand for resource efficient products.*** The current focus on end-of-life management, particularly recycling targets, can detract from the arguable more important overall goal of sustainable resource management. Government, particularly DEFRA's product and material unit, must provide more guidance to businesses on the resource efficiency trade offs when designing products. More needs to be done to educate consumers about the benefits of buying resource efficient products. This must play a more

prominent role in WRAP's consumer engagement programme going forward. Finally, government must use its own procurement powers to stimulate the market for resource efficient products.

Conclusions

Management of waste and resources is a shared responsibility for society as a whole. If we are to deliver the sustainable reduction of waste and more efficient use of resources to which government and industry aspire, it is essential that government fulfils its policy role in creating a strategy which can support its delivery. Central to this will be;

- a long term strategic view across sustainable resource use, waste management, climate change and renewable energy issues.
- a clear regulatory framework which incentivises waste to resources through greater clarity on the definition of waste and more risk-based and proportionate waste controls.
- an equal focus on industrial and commercial waste as on municipal waste when planning for and delivering resource recovery infrastructure and technologies.
- targeted support for manufacturers helping them to make the most of the economic and environmental benefits from resource efficiency.
- greater focus on stimulating innovation and demand for resource efficient products.

We welcome the opportunity to work more closely with government in the achievement of these shared goals.

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