May 2021

Mapping the Politics of Waste

Foreword

The next few years promise to be turbulent and taxing for the waste management sector, with a raft of new policy changes promised that will fundamentally impact how we work. This is on top of the challenges that we face as a society as we adapt to the post-Covid world. How the public work, how businesses operate, and how we recover the economy and society is a great unknown that could have both short- and long-term impacts.

We are likely more than three years away from the next General Election, but we know that the years up to 2024 will be significant. This report examines how upcoming Government policy, Brexit, the race to net zero and other factors will impact our sector, and what the sector needs to think about. There are plenty of unknowns; this could be a turning point for society, or we could return to old habits. But there are lessons to be learned.

Whatever Britain's political future holds, it is FCC Environment's belief that the industry requires legislative and economic drivers to encourage investment in infrastructure as well as market growth. However, over-regulation must be avoided as this will stifle competition and damage the long-term viability of the sector.

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Introduction

The past few years have set about changes to the way that we live and work that would have been unforeseeable. Brexit and Covid-19 in particular will fundamentally impact society and the waste and resources sector will need to adapt to meet new challenges.

Politically, as we emerge from those two significant log-jams in the agenda, we will see a growing focus on the environment, job creation and changing the way we live. The direction of travel is clear, at least in terms of the rhetoric. The next elections, both local, regional, devolved and national will see parties in a race to be more climate conscious than their rivals, spurring each other to do things differently and be more ambitious.

However, the direction of travel for the coming few years is becoming clearer and as we emerge from the pandemic, and the post-Brexit world, it will be for the sector to make the best of the challenges and opportunities to lead the way. However, with the delay caused by the pandemic to the Government's policy agenda, there will be a pressure on the sector to respond to change quickly, with key measures such as the Environment Bill and Deposit Return Scheme consistently delayed in terms of details being available but not in the timescale for implementation. Likewise, the regulatory regime will change how we challenge the scourge of waste crime. The landscape of the waste management sector will be very different in five years' time and may then face even more change.

The race to net zero – how the waste sector fits in

Alongside bringing the UK economy out of a post-Covid slump, a key priority of this parliament will be environment, environment, environment. Because of this, every sector will be expected to demonstrate its commitment to reaching the 2050 net zero target quickly, particularly as the Government seeks to reduce the UK's emissions by at least 78% by 2035.

While the waste sector has nearly halved its carbon emissions since 2008, it still contributes approximately 4% of UK greenhouse gases. So unless the sector does more, calls for further decarbonisation will gain traction. Working with producers to ensure improved recyclability of materials, moving towards a circular economy and the decarbonisation of the transfer process, will play significant roles in the process.

The role of Energy from Waste (EfW) is important to this discussion. In July 2020, a report backed by a cross-party group of MPs and Lords argued that EfW could play a key role in the race to net zero, if properly decarbonised. But this is a controversial area, one that has seen interest from political figures and environmental campaigners in recent months.

EfW will never be welcomed with open arms by Government or communities, particularly since the Government's official line remains that more should be done to limit what goes to EfW plants, carbon impact should be reduced, and EfWs should be better integrated with heat networks. Therefore, additional recycling and reuse products will always be favourable, and it is likely that more will be required to reduce

the carbon emissions of existing and future EfW plants through Carbon Capture and Storage (CCS) technology. While the Government is unlikely to legislate to require existing facilities to be retrofitted, organisations that do not comply might be viewed unfavourably – so there is an opportunity for the sector to develop and bring forward technologies to achieve CCS.

At a local level, we will also be likely to see changes to contracts that will bring to the fore reduction in emissions and carbon footprint in the context of what is deliverable. This is particularly true with fleet vehicles – many local authorities have declared 'climate emergencies', so will look at contracts through a sustainability lens. Trials are already underway in many council areas for electric refuse collection vehicles (eRCVs), and more will be expected as new contracts are signed over the next few years.

Challenges and opportunities for the sector

It is clear that the waste and resources sector will play a significant role in the net zero agenda, and the challenge will be to make sure that it is seen as being part of the solution to achieving net zero, rather than a barrier to it. This includes providing educational campaigns to those who use our services, encouraging more effective recycling and reducing residual waste as widespread consumer behavioural change will be key to whether we can achieve net zero. Effective communication and engagement, as well as cooperation between the private and public sector will be vital.

The sector is already working up its own net zero strategy, but this will rely on others doing their bit. We must also look at how we can enable the rest of society to meet its own net zero goals, through better recycling options, recycling education, improved efficiency and working with producers to make them aware of what can be handled. Likewise, transitioning to eRCVs quickly, and supporting supply chains to increase production, will also support both the net zero agenda and economic recovery.

The challenge of EfW and its role, may naturally conclude should the Government's policies on reducing the amount of residual waste be successful. Fewer will be required in the future, but their role will be important to deal with whatever residual waste remains. Those that remain in existence, however, will need to be retrofitted to reduce their carbon output – a task that should be aided by the Government's promotion of investment in CCS technologies.

The Environment Bill

The Environment Bill was heralded as being "key to the Government's ambitious environmental agenda" when introduced to the House of Commons in early 2020. The Bill, when passed, will fill the governance gap caused by Brexit, and implement many of the significant changes expected in the waste sector – including the Deposit Return Scheme (DRS), Extended Producer Responsibility (EPR), harmonised recycling collections and the implementation of the Office for Environmental Protection (OEP).

However, despite the fanfare, its passage through Parliament has been troubled. More than a year after the first anniversary of its First Reading, the Bill was paused indefinitely by the Government before it had even cleared the House of Commons, though it apparently remains "fully committed to the Environment Bill".

The timing of the Bill's delay gives some indication into the potential politics at play. First, the Bill has been granted a carry-over motion to the next Parliament session (meaning it does not have to start from scratch after the next Queen's Speech), indicating a lengthy delay as it remains unclear as to when that Queen's Speech might be. It has been suggested that the Bill will receive Royal Assent in the Autumn, around the time of COP26, so the Government will doubtless try to tie the two together.

Second, and more crucially, the Bill has been paused during its Report Stage in the House of Commons – the last time the Government has a chance to amend the Bill before it goes to the House of Lords. This is important because the Government does not have a majority in the House of Lords, making substantive changes much harder. If the view is that the Bill needs significant changes, they will be able to introduce those changes in the House of Commons, making it much harder for the Lords to overturn them.

It is therefore very possible that the Bill will look very different when it returns. There has been speculation that the Government could introduce new targets for biodiversity (above the existing requirements from planning policy) and the decline of habitats, and that they will introduce further measures to strengthen the OEP.

Whatever the status of the Bill, the Government has been making headway in introducing the OEP by Autumn 2021, with an Interim CEO in place to set up the organisation in Worcester. Meanwhile, further consultations are widely expected to still be coming forward on DRS, EPR and consistent recycling collections in the coming months.

Challenges and opportunities for the sector

This Bill holds significant symbolic value to the Government as a trailblazing piece of legislation, designed to help the UK forge its own path separate of the EU and as a global leader. It needs to get it right, even if it means significant delays – and how DRS, EPR and harmonised collections work will have a significant impact on whether environmental ambitions are achieved. However, the delay not only pushes back the measures in the Bill becoming law – thus reducing the time available to implement new practices required to meet them – but could also mean that additional measures may be introduced that have less time to be acted upon.

The Bill will likely have very little time for scrutiny in Parliament when it returns if it is to be passed by the time of COP26 in early November. Significant changes could mean the sector has to come to terms with new requirements quickly and have little opportunity to influence the final version of the Bill. It will be important for the sector to speak clearly and with one voice on these matters (as much as possible) to best take advantage of the limited time that will be available.

Waste and Resources Strategy

The Government published its Waste and Resources Strategy for England back in 2018, a 25-year plan for the sector to eliminate avoidable waste of all kinds by 2050. The Government remains highly committed to implementing the Strategy, and there has been progress made on its implementation, but there is not scheduled to be a review and revision until late 2023/early 2024.

This is underpinned by the objective of reshaping the economic model in the UK towards a circular economy, and ultimately drive towards a net zero by 2050 target. Interestingly, the recent Waste Management Plan for England does not refer to Covid-19 and the impacts on society, so there may be a requirement for a further review, or deviation from the existing strategy from Government in the coming years as society adapts to the post-Covid normal.

Everything within the Waste and Resources Strategy, and elements being introduced via the Environment Bill, must be viewed as part of the Government's wider environment and net zero agenda. The review in 2023/24 will undoubtedly see an increase in measures designed to enhance environmental protections and ramp up delivery of the net zero agenda. Similarly, outcomes of the consultations on EPR and DRS may see the schemes going further than currently expected.

The DRS scheme in particular will receive significant scrutiny over the next two years as it is implemented. Early learnings from the Scottish DRS will undoubtedly be used to shape the final England, Wales and Northern Ireland model, as the UK Government will want to make sure that any failings or issues with the Scottish rollout do not affect theirs. Likewise, the Scottish Government will look to ensure that its model is considered superior to the rest of the UK, making it a political hot potato as well as an environmental one.

In addition to DRS, the EPR, harmonised recycling collections, and reduction in the amount of waste that goes to landfill policies will shake up the sector over the next couple of years. They will rely on producers, local government and the public to play their part, but will be game-changers if we can get this right.

Delays to the Environment Bill may impact the introduction of key policies and limit the time that the sector has to implement them. With the Bill expected to become law in the Autumn, and the potential for further changes, the implementation of the key tenets of the Waste and Resources Strategy may be rushed – leaving it open to potentially significant and complex implementation problems.

Challenges and opportunities for the sector

Key elements of the Waste and Resources Strategy will be in place before the next election, so the sector has some assurance that there will not be a significant change to the general direction of travel. However, the Government's growing interest in the environment, and the importance of that to its overall agenda for the remainder of the Parliament, does mean that the challenge currently faced might become more onerous.

The Government has committed to progressing work on the key consultations underpinning the strategy despite the Environment Bill's delay, so the industry will shortly have confirmation of the direction they will take. However, lessons to be learned from the Scottish DRS, including from the difficulties in implementation, might lead to curveballs that require quick adjustment.

Tackling waste crime and enforcing regulation

We are all aware of the impact that waste crime has on the economy and the reputation of the sector, as well as the roles that central and local government, and the industry, has to play in tackling waste crime. Likewise, we know that there is a governance gap when it comes to environmental regulations following Brexit that the Government urgently needs to fill. 2021/22 will be a crucial year for both aspects as more changes come around the corner.

Tackling waste crime

There are few in the sector who would not argue that the Environment Agency (EA) and Joint Unit for Waste Crime (JUWC) needs more resources to tackle waste crime – which costs the UK economy at least £600m per year. While there has been some progress made, the number of cases of fly tipping, for example, has increased in the last year but the number of enforcement actions has dropped – showing there is some way to go.

As the JUWC relies on existing budget from across its agency's departments, there have been growing calls for a statutory funding solution that provides long-term certainty for the JUWC to build on a successful first year. This will be more significant following the introduction of the DRS – experience form Germany has shown that DRSs are liable to significant risk of fraud on an industrial scale. Defra's own consultation on the scheme admitted that the manual collection points were susceptible to fraud, which itself will cost vast sums of money to tackle.

Challenges and opportunities for the sector

Many in the sector might turn a blind eye to waste crime as it does not directly involve or impact them. However, the reputation of the whole waste sector is being damaged by a small number of perpetrators. The bigger voices in the sector should be calling for more, ringfenced resources and tougher enforcement from the EA and the JUWC as soon as possible – and in advance of changes like the DRS, which has the potential for Serious Organised Crime. Calling for additional spending for the JUWC at the Autumn Statement and Spending Review will be a key lobbying activity for the sector.

The OEP

The introduction of the Office for Environmental Protection (OEP) through the Environment Bill has been heralded by the Government as key to accountability for environmental impact. However, with the delay in the Environment Bill, it is unlikely that the OEP will be established in full until 2022, a year behind schedule.

While the OEP will have the ability to undertake its own investigations and will be able to take the government and public bodies to court for serious breaches of environmental law, it will not be able to directly fine the Government. This means that the Government has effectively muzzled its own watchdog. Waters have been made murkier by amendments to the Environment Bill allowing the Government to issue and revise enforcement guidance. Some critics have suggested that this might mean that the Government could override environmental protections should it decide it needs to.

Establishing its 'independence' from the Government, while being a government body, will be an important early challenge for the OEP and its leadership, and the sector will need to follow its early activity closely and speak out against any attempts by the Government to blunt its teeth further.

There has also been some speculation that the OEP will be established as a 'Shadow body', which could allow them to investigate complaints made to them – which it currently cannot. Meanwhile there is speculation that additional 'teeth' could be given to the OEP as part of the Environment Bill's delay.

Challenges and opportunities for the sector

Because the OEP will rely on the courts to make decisions on breaches of environmental rules, and potential fines on the Government, means that it is uncertain how robust the OEP's powers will be. The sector must work together over the course of 2021 to ensure that it is established correctly and quickly so that it can begin its important work immediately upon coming into effect – and then ensure that breaches are reported and the OEP supported to punish those who breach environmental law. Future changes to enforcement guidance should also be closely monitored – and taken advantage of. Should the OEP be missing any significant issues, it is important that the sector highlights this as one and seeks updated guidance to tackle new threats.

Adapting to a post Covid-19 World

Covid-19 has fundamentally impacted how we all work and live our daily lives. No sector of the economy has emerged unscathed, including the waste management and recycling industry.

Soon after the start of the pandemic, waste management staff were classified as key workers, helping to ensure that curbside collections continued and that HWRC could reopen with Covid-secure practices in place.

However, with most people working from home, or restricting their commutes, many businesses have closed their offices or are now reviewing their requirements, particularly those businesses which operate in the commercial, industrial and hospitality sectors. This has had a knock-on effect on private sector collection, sorting and reprocessing services and associated infrastructure. Waste treatment facilities, wood and electrical equipment reprocessors have all also experienced significantly reduced demand – though the industry will need to adapt for the recovery and new normal that results from the pandemic and people get to the clear-outs, upgrades and spring cleans that they have been putting off.

The successful vaccination programme has given hope that the economy may return to some degree of 'normality' by Summer 2021, but what this 'normality' looks like presents uncertainties and challenges for the sector. People will be looking to work from home more often, with businesses reviewing their office space requirement. It therefore remains to be seen if the current disruption to industrial and commercial collections will return to pre-pandemic levels, or whether the sector will have to adapt?

Confidential waste is a particular challenge: a recent survey by Go Shred found that 66% of workers are printing potentially confidential documents at home, but nearly a quarter of those plan to take it all into the office post-lockdown to dispose of, and a quarter shred it at home and put it in their recycling. Neither system is ideal – and this particular area will need to be looked at as the new normal sinks in.

The sector will also be encouraged to play a role in rebuilding the economy through supporting job creation for those who are out of work due to Covid-19 – as well as looking at how employment practices need to change due to home-schooling challenges and sudden population movements (such as the anticipated exodus from cities). Being able to create jobs across the country is a strength of the sector, who will be encouraged to participate in schemes like Kickstart and Restart.

Challenges and opportunities for the sector

Alongside the challenges, there are opportunities for the sector to play a part in 'Building Back Better', as well as the green industrial revolution and recovery. Organisations like ours will be encouraged to provide opportunities to those who have lost their jobs due to the pandemic or whose sector now finds itself unviable. Key changes like DRS may also create demand for jobs.

Meanwhile, £350m of investment has been provided to help fuel the green recovery, almost £150m of which is to drive the use of innovative materials in heavy industry. This includes reusing waste ash in glass and ceramics, and the encouragement of greater use of recycled steel rather than primary production, reflecting the importance of reducing waste and moving towards a circular economy.

Brexit

With Brexit delivered and a deal in place, the Government can tick-off one commitment from its 2019 General Election manifesto. Although Brexit is now 'done', the Government will continue to be judged by how it delivers on the promise of Brexit and positions the UK as an agile nation, free from unwieldy red tape and burdensome regulation.

In 2018, then Defra Secretary, Michael Gove MP set out his vision for a 'Green Brexit' which strengthens environmental protections and creates new incentives for environmental improvement. The Environment Bill (see above) is intended to be the vehicle for this vision, providing the new framework for environmental law. It therefore holds a significant symbolic value as a trailblazing piece of legislation, designed to help the UK forge its own path separate to the EU.

In addition to changing how the UK manages waste and recycling domestically, Brexit presents an opportunity to take a greater role in shaping our trading partners' waste and recycling policies. However, this has also led to concern amongst the opposition parties that divergence will see the UK adopt less green or sustainable policies to the EU's. However, there are sanctions available should the Government seek to regress from existing standards to gain an advantage – though this is highly unlikely and would be counter to the rhetoric from government.

Shipments of unsorted plastic waste to non-OECD countries is a good example of this. Some have estimated that the UK has exported two-thirds of its plastic waste over the last decade, much of which has gone to non-OECD countries where it is dumped or burned.

This process was banned by the EU in January 2021, and our government committed to do so in its 2019 manifesto. However, this has yet to take shape, with UK exports being made under a new system of prior informed consent.

Several politicians and environmentalists have raised concern about this practice, calling on the Government to sort out this issue – with the setting out that it is currently engaging with non-OECD countries to what import procedures should be applied to imports of plastic waste from the UK.

How this plays out in the long-term remains to be seen but given the government's green focus and the upcoming COP26 summit in Glasgow, and potential economic benefits of not exporting waste due to moving towards a circular economy, it is unlikely that this practice will remain in place for long.

Challenges and opportunities for the sector

Existing EU waste legislation and targets have been transposed unto UK law, meaning that much of the existing requirements remain. The Government wants to go further and faster in promoting its green credentials ahead of the COP26 summit in November 2021 but finds itself bound by level playing field rules that mean it cannot diverge too far from the EU's existing regulations.

Environmental regulations may also get caught up in future negotiations with the EU as the existing deal is one pertaining to goods, meaning that agreements on services are still to be conducted in the future. The recent appointment of the government's Chief Negotiator, Lord David Frost, to the Cabinet as a Minister responsible for our future relationship with the EU suggests further deals may be required.

General Election 2024

Despite the plethora of policy commitments announced at the 2019 General Election, the campaign was ultimately a referendum on two overwhelming issues: Brexit and the suitability of Jeremy Corbyn to be Prime Minister. In both instances the electorate gave a resounding answer, with Brexit now done and a new Labour leader in post.

The next General Election is scheduled for May 2024, so we are some way off seeing what policy priorities each party has – though we know it will be fought on very different territory than the 2019 election. Stewardship of the economy as it recovers from Covid-19 will be key, as will how much of a success Brexit has been.

'Red Wall' voters in constituencies which have traditionally voted for the Labour Party, and 'lent' the Conservatives their vote in 2019, will look at the success of the 'levelling up' agenda. The post-Covid exodus from London – which we are beginning to see as people move out of the cities to be closer to families or get more for their money – will play a role in this too. The campaign will also be fought – but not necessarily decided – on traditional campaign issues such as the economy, housebuilding, immigration, health, and social care.

However, as the important role which the green agenda occupies in UK politics continues to gather momentum, the Government will be held to account on how it has pursued its commitments around sustainability, the environment and net zero. Whether the promises become successes will also be something that the Government will have to answer to – especially as green issues become increasingly important to the public.

Labour currently faces an uphill battle in regard to publicity, as Covid-19 drowns everything else out. However, once focus returns to domestic policy we can expect to see a raft of new announcements about what a Labour government might look like. Early indications are that Labour will seek to be seen as 'greener' than the Government, and Keir Starmer's February 2021 speech highlighted that tackling the climate emergency will be "at the centre of everything we do". There is no indication that their 2019 pledge to bring local waste collections 'in house' will continue to be part of their policy – though there is a natural bias away from local authority outsourcing in the party, so it is not beyond question. Meanwhile, they have been campaigning throughout the Environment Bill on the need for increased recycling rates, the need to tackle the 'postcode lottery' of schemes and a proper waste hierarchy approach, and against delays on the DRS.

In Scotland, the SNP will stand again on a platform of independence and, if there is no referendum before 2024, their calls will grow ever louder in the run up to the next general election.

Challenges and opportunities for the sector

Working on the assumption that the Environment Bill suffers no further delays, the Conservative Party is on track to have delivered a number of key policy commitments in the lead up to 2024. However, this does not mean that the Government will sit on its laurels come the next general election, and it is a certainty that all the major parties will make advancing the green agenda a core component of their manifestos – potentially filling the void left by Brexit.

The exact measures to be included will become clearer in the months closer to the election, though the policies of the parties in Scotland and Wales in May 2021 might give some indication of the potential new targets and commitments designed to reduce waste, encourage recycling, and promote green energy capacity.

Devolved administration

The United Kingdom does not operate as a single entity and significant powers rest with the devolved nations whose administrations are empowered to set their own policies, including on waste and recycling.

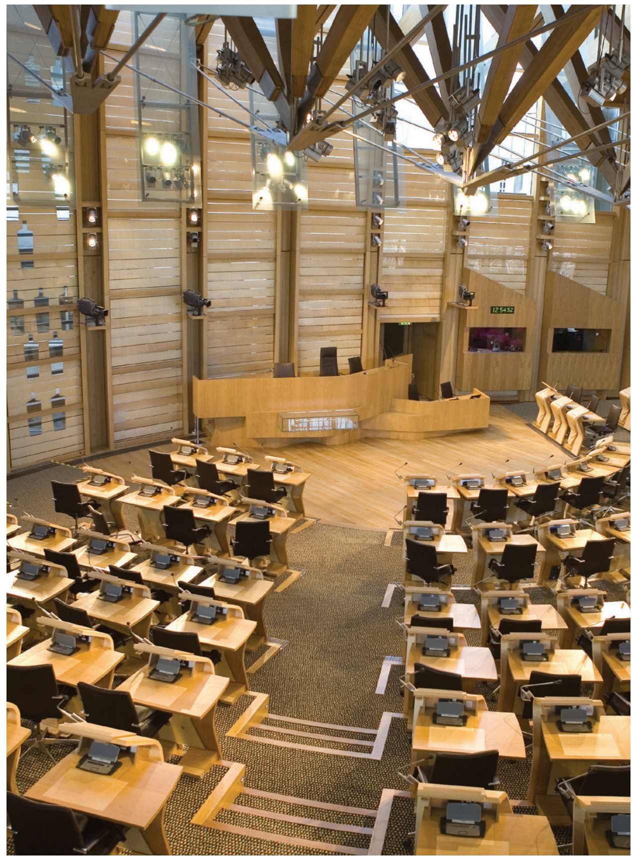
The Scottish Government has committed to make Scotland a zero-waste society with a circular economy. 2025 is the key date for many of its ambitious targets, including reducing total waste in Scotland by 15% against 2011 levels, reducing food waste by 33% against 2013 levels, recycling 70% of remaining waste, and sending no more than 5% of remaining waste to landfill.

The Scottish Government has often been ahead of Westminster on these issues: introducing a single use carrier bag charge in 2014 (compared to England's in 2015) and they hope that their DRS will be in effect in 2022. However, it has not all been smooth sailing – the commitment to ban biodegradable municipal waste being sent to landfill by 2021 was pushed back to 2025 after local authorities and waste management companies warned that Scotland is ill-prepared to meet this deadline.

Nonetheless, 2021 remains an important year in Scottish politics, with a new SNP mandate and growing independence calls. For the sector, we can with Scottish Parliamentary elections set to take place. As such, the waste and recycling industry can expect the SNP to move forward with its ambitions, but we should watch out for the mooted review on the consenting of new EfW plants in Scotland.

In Wales, the Welsh Government consulted on its own waste and recycling strategy designed to see Wales become a circular economy by 2050. This strategy set out a timeline for a number of key milestones relevant to the industry, such as the introduction of new business waste regulations in 2021 and changing the UK producer responsibility system for packaging waste in 2023 – in line with the Environment Bill.

As with Scotland, 2025 represents a major milestone for Wales to achieve a 50% reduction in avoidable food waste, a 70% household, municipal, and industrial recycling rate, as well as a maximum of 5% of waste being sent to landfill. Next steps are awaited, but Labour's hold on the Welsh Parliament means there will be firm focus on reaching its circular economy ambitions, and a continuation of its EfW moritorium.



Challenges and opportunities for the sector

Following their elections, both the Welsh and Scottish Governments will look to set the bar for environmental policy in the UK over the coming years – so the sector should brace for a volley of new policies designed to help the devolved nations move towards a sustainable, circular economy. In Scotland a review is expected on the role of incineration in the waste hierarchy, the outcome of which would be significant.

In addition, Scotland's place in the UK remains tenuous and the prospect of a second referendum (with or without the approval of Westminster) has grown in recent months. The industry must therefore prepare for the significant political disruption which such a referendum would bring, and for the prospect that it could result in a vote for independence: resulting in greater disruption to policy making across the UK on top of the adjustments already required for Brexit.

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