

FROM THE RECYCLING & WASTE INDUSTRY CEOS

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25 September 2020

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor,

Removal of Red Diesel relief

The recycling and waste industry is very pleased with the Government's strong commitment to environmental issues and its global leadership in climate policy. We recognise, as part of this, the important role that removing red diesel relief could play in supporting industry's moves towards net zero by incentivising innovation in alternative technologies. We are jointly committed to removing diesel use from our activities as part of a forthcoming net zero strategy for our sector.

We are however concerned that removal of the relief for the recycling and waste industry will have perverse consequences and may actually increase emissions from the management of the UK's wastes. In our sector, the use of red diesel is more heavily concentrated at processing facilities which convert waste into secondary raw materials. These materials replace the use of virgin inputs into manufacturing processes and lead to significant savings in greenhouse gas emissions.

There will be two impacts if the costs of recycling and waste services are pushed up by the removal of red diesel relief. Firstly, these costs will be passed on to local authorities and businesses around the country which rely on our industry's services. And secondly, the incentive on manufacturers to use recycled materials could be reduced, pushing up the use of primary inputs and raising emissions related to our sector. Similarly, an increase in disposal costs could raise incidents of fly tipping and increase waste crime, which is estimated to cost the UK economy almost £1 billion every year.

In these circumstances we believe it is important that a five year exemption is granted to the recycling and waste sector, which has demonstrated through the recent covid crisis its essential nature to the wider economy. This delay would enable us to adopt new technology and drive down emissions from our sector even further.

We will of course include further detail when we respond fully to the current consultation, and we look forward to further engagement with your officials on these points.

Yours sincerely

Michael Topham, CEO, Biffa plc

Roger Hewitt, Executive Chairman, Castle Environmental

Dougie Sutherland, CEO, Cory Riverside Energy

Paul Taylor, CEO, FCC Environment UK

Neil Grundon, Deputy Chairman, Grundon

Mike Hill, CEO, Hills Group

James Priestley, Managing Director Municipal, Renewi plc

Michael Tracey, Chairman, SESA

John Scanlon, CEO, Suez recycling and recovery UK

Gavin Graveson, Executive Vice-President UK and Ireland, Veolia

Phil Piddington, Managing Director, Viridor