

Comprehensive Spending Review 2020

ESA representation

Introduction

The Environmental Services Association (ESA) is the voice of Resource and Waste Management Industry in the UK. Our Members turn waste into valuable resources while protecting the environment. We help raise industry standards and lobby constructively for a policy framework which enables ESA Members to operate profitably and responsibly for the benefit of the environment. ESA's members provide a wide range of essential resource management services to the public and private sectors.

The UK's waste and secondary resource industry is leading the transformation of how the UK's waste is managed. An industry with an annual turnover of £12billion and a GVA of over £5bn, our Members have helped England's recycling rate quadruple in the last two decades and provide 11% of the UK's renewable electricity.

ESA's members have invested billions in new recycling, waste treatment and sanitation infrastructure over the past decade, enabling the UK to leap from single-figure recycling rates to around 50 per cent today. We share the Government's ambition to achieve significantly higher recycling rates in the coming decade and stand ready to invest in the new infrastructure necessary to achieve this ambition.

We call on the Comprehensive Spending Review to include sufficient funding for the following key priorities:

- Resources for Defra and the Environment Agency to respond adequately to the covid crisis and to support a green recovery, to which our industry stands well placed to contribute.
- Resources to local authorities to compensate them for the additional cost burdens introduced by the Government's Resources and Waste Strategy
- Resources for Defra and the Environment Agency to fight waste crime, including dedicated long-term funding for the multi-agency Joint Unit for Waste Crime.
- Expansions of existing programmes, such as: the Smart Sustainable Plastic Packaging challenge; the Energy Innovation Fund; and the Heat Network Investment Project.

Covid 19

The resources and waste industry demonstrated just how "essential" it is to society during the Covid 19 crisis, especially the many thousands working on the front-line of environmental services, who kept the wheels turning and the streets free from waste throughout the initial outbreak. The environmental services sector stands poised and ready to help the United Kingdom "build back better" in the aftermath of the coronavirus crisis. Our sector will play an important role as part of a green recovery by delivering new recycling and recovery facilities which create jobs and boost local economies, whilst at the same time saving carbon emissions as we move towards a more circular economy. ESA's Members are keen to play our part and make a full contribution to the recovery. It is vital that the Comprehensive Spending Review ensures government departments and environmental regulators are

adequately resourced to facilitate the transition to a circular economy and to help build back better in response to the Covid 19 crisis.

Environment Agency Permitting Delays

We are deeply concerned that our efforts in helping to deliver a green recovery will be frustrated during the next critical 6-18 month period by a lack of permitting capacity at the Environment Agency. This is a serious and ongoing concern for the industry which predates coronavirus and is holding up 100's of £millions of investment into vital waste and resource management infrastructure. We are also aware from discussions with other sectors that this is clearly not an issue which affects only the waste and resources sector. There is currently an average waiting time of five months for applications and variations even to be assigned to an officer for processing and dozens of recycling projects are being held up by permitting delays at significant cost to operators.

Whilst permitting resource within the Environment Agency is funded directly by subsistence fees paid by operators of permitted facilities – we think there is a case for some short term additional government funding to enable the Environment Agency to expedite the processing of environmental permits to enable our members to build and operate much needed recycling and waste management facilities and so play a valuable part in 'building back better'.

Resources and Waste Strategy

The measures outlined in the Government's Resources & Waste Strategy (RWS), and within the Circular Economy strategies of the devolved administrations, are crucial to unlocking this next phase of circular-economy investment. In particular, a new and comprehensive Extended Producer Responsibility (EPR) regime has the potential to improve the recyclability of the waste stream and drive quality and innovation throughout the recycling system.

While understandably derailed by Covid-19, work on the Strategy must resume apace this year if we are to deliver on the UK Government's sustainability and resource-efficiency ambitions, independent from the European Union, for 2030 and beyond. If we get the policy framework right, our industry will invest £10 billion in new recycling and recovery infrastructure, creating 50,000 new green jobs and delivering more than 40 million tonnes of CO2 savings by 2030.

The UK can maximise value, jobs and investment in UK recycling if we get this right, but all of the interventions proposed under the RWS, and those proposed by the devolved administrations, must be properly resourced and must work together in harmony to drive the right outcomes.

RWS Funding for Local Authorities

The RWS commits Defra to funding any additional burdens on councils. Those new burdens will include mandatory separate food waste and garden waste collections. It is important that there is sufficient funding for these additional burdens. Industry believes that the aggregate financial impact of the RWS on councils will be negative. It is important that Government modelling accurately reflects this predicted shortfall to avoid a funding shortfall.

Tackling Waste Crime

Unfortunately, our sector is all also often seen as a soft target by criminals whose illegal activities undermine and threaten investment by the legitimate sector. To unlock the full economic potential of our sector, the regulatory authorities must get tougher on waste crime and be adequately resourced and empowered to do so.

ESA has consistently lobbied for more action and sufficient resources to fight waste crime. We have pushed Defra to support the Environment Agency by closing legal loopholes, strengthening Agency powers, and providing more resource for the Agency to stop illegal activity in our sector.

Despite much needed policy changes and government focus in previous years, waste crime continues to blight the environment, adversely affect communities and undermine legitimate operators at an estimated cost to the UK of up to £1 billion each year in lost tax revenues and clean-up costs¹.

Joint Unit for Waste Crime

The newly established Joint Unit for Waste Crime has an important role to play in the fight against waste crime. We were disappointed that the JUWC did not receive statutory long-term funding and we would urge the government to consider dedicated long-term funding arrangements to enable the JUWC to reach its full potential.

In addition, the Resources and Waste Strategy contained some essential proposals which our sector has long been calling for in the fight against waste crime. These include making the 'carriers, brokers, dealers', 'duty of care', exemption and waste tracking regimes much more robust to deter criminality within our sector. It is important that Defra and the Environment Agency are adequately funded to enable these proposals to come to fruition.

Support for Existing Programmes

The Smart Sustainable Plastic Packaging (SSPP) Challenge

The SSPP <https://www.ukri.org/innovation/industrial-strategy-challenge-fund/smart-sustainable-plastic-packaging/> is a great example of how government and industry are collaborating to tackle the issue of plastic pollution, to drive research into innovation and design into sustainable plastic packaging to reduce negative environmental impacts and to enable a circular economy.

The Comprehensive Spending Review provides an opportunity to extend and enhance the SSPP to enable it to reach its full potential, supporting the Resources and Waste Strategy and the 'levelling up' of the regions.

Energy Innovation Fund – alternatives to diesel for heavy plant

The government's current proposals to remove the rebate on the use of red diesel for non-road mobile machinery (NRMM) will essentially impose an additional tax on the essential services our members provide.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/915937/waste-crime-review-2018-final-report.pdf

At the current time there are not enough practical alternatives to diesel for a significant proportion of the NRMM (heavy plant/yellow plant) used in our sector. Low emission technology is either not comparable in performance and/or simply does not currently exist.

ESA's members strongly support measures and actions aimed at improving air quality in the UK and are actively considering and trialling low emission alternatives. However, unless alternative technologies can be developed quickly, removing the rebate for red diesel for NRMM for our sector in 2022 will not have a positive environmental impact, but will simply lead to a switch from red diesel to conventional diesel, with the associated increase in costs, estimated at £50 million, that will ultimately have to be passed on to local authorities/council-tax payers and business customers, but with no corresponding benefit to the environment. Indeed, perversely recycling and recovery operations will become less financially viable if the current rebate is removed, which could hinder our progress towards decarbonisation and a circular economy.

Whilst the Energy and Innovation fund is a helpful initiative <https://www.gov.uk/guidance/energy-innovation> we do not think it goes far enough to encourage the development of new technologies to enable alternatives to diesel for many of the NRMM our sector uses.

We would support the scheme being extended and additional funding allocated specifically to explore the development of alternative low emission technologies for NRMM.

Heat Networks Investment Project (HNIP)

Our industry invests in and develops energy from waste (efw) plants which provide a treatment alternative to landfill for our non-recyclable wastes. These facilities generate power and are well placed to assist the decarbonisation of our heating system through the deployment of local heat networks.

Some of our Members have raised concerns about the HNIP evaluation process which does not recognise that emissions from efw plants are not additional, but are instead displacing higher alternative emissions from landfill. The waste used as a feedstock would still need to be treated or disposed of in the absence of efw facilities, but the emissions arising from this counterfactual are not included in the HNIP evaluation criteria which disadvantages efw projects when applying for funds.

This issue notwithstanding, the size of the HNIP fund itself is inadequate given the opportunity to roll out heat networks at efw plants around the country, all of which must be CHP-ready according to regulation, but few of which actually utilise the heat and instead operate in electricity-only mode.