



Environmental Audit Committee

Oral evidence: [Growing a circular economy](#),
HC 214

Wednesday 11 June 2014 (morning)

Ordered by the House of Commons to be published on 11 June 2014.

Written evidence from witnesses:

- [Keep Britain Tidy](#)
- [Coca-Cola Enterprises](#)
- [CIWM](#)
- [LGA](#)
- [Eunomia research and consulting](#)

[Watch the meeting](#)

Members present: Joan Walley (Chair), Peter Aldous, Katy Clark, Caroline Lucas, Mrs Caroline Spelman, Simon Wright.

Questions [128-197]

Witnesses: **Phil Barton**, Chief Executive, Keep Britain Tidy/Waste Watch, **Nick Brown**, Head of Recycling in Great Britain, Coca-Cola Enterprises, and **Professor Tim Jackson**, University of Surrey gave evidence.

Q128 Chair: I apologise for the slightly late start. It may be helpful to know that we aim to finish this session just after quarter past 10, so I plead for short answers and focus. I am aware, Professor Jackson, that you have been before our Committee before, so welcome back. I thank all three of you for coming along this morning.

As you are probably aware, this is the third evidence session in our inquiry, “Growing a Circular Economy”, and we want to try to focus minds on that. It may be helpful if you could all give a brief statement of where you think this agenda is at the moment. Is there green apathy, and does everything seem to be flatlining as opposed to actions in other

countries? What is your starting point that the Committee should be looking at? Perhaps you could start, Nick.

Nick Brown: Good morning. Thank you for the opportunity to come here today. The circular economy has been a popular concept over the past few years, but some of the themes have been in place for a long time. There are some great examples of circular thinking and some great business models, but certainly a lot more can be done. Some businesses are leading the way and challenging others to look at where they might make improvements. Today, we will talk about recycling and material reuse. We have quite a lot of examples of how you can drive a more circular economy in fast-moving consumer goods, for example.

Q129 Chair: If you could put it in a nutshell, what would you say Coca-Cola's experience is? What have you learned from your efforts to promote recycling?

Nick Brown: We have done quite a lot of work with our consumers. What we have found is that there are probably four main barriers to them engaging more in recycling. One is confusion over what can be recycled; one is confusion over what their local authority really collects; one is being unclear what the benefits of recycling really are, and one is a view that it is a bit too complicated, a bit too difficult and a bit too time-consuming. But what we have found is that if you can find compelling ways of talking to consumers about those issues and reassure them of the benefits of what they do, you can drive quite significant changes. If we look at plastic bottles, for example, recycling rates five years ago were about 20%; now they are up at 60%—well, 58% for 2012. So if you find the right way of engaging people—you do not necessarily need to do it through explaining a circular economy concept—you can drive quite significant behaviour changes.

Q130 Chair: So much of it is about engaging with people. Can I move to you, Phil Barton? Keep Britain Tidy and Waste Watch have done a lot of work on this, not least on plastic bags, which were highlighted in the Queen's Speech last week. Can you summarise where you think we should concentrate and what the hurdles are?

Phil Barton: The first thing to say about the circular economy is that, in terms of the public and consumers, it is not really registering—that is our strong impression and our finding from work we have done. Secondly, of course, there is a danger that it does not start at the top of the waste hierarchy, with reduction first and reuse. When you look at quite a lot of the models, it is about making sure the resources that are in the manufacturing and supply chain are captured and reused, rather than looking at how to stop them getting there in the first place, although a lot of that does happen.

Our particular interest in this comes—going on to recycling—from looking at why things are flatlining and how households see that. We ran two citizens' juries a couple of months ago—one in Manchester and one in Lewisham—and what we found was actually very similar to Nick's experience. First, there is a basic goodwill towards recycling; there is a general feeling among the public that it is a worthwhile thing and something they should be doing. A lot of older people look back to "make do and mend" and wonder how we have got to the point where we are so much into a consumer society.

What came out of the juries was that three things are needed if we are really going to engage households and the public. The first of those is education—just explaining how they

should do recycling, why they should do it and what happens to things afterwards. There is a huge disconnect after the bin goes on to the pavement. People do not know where the recycling goes or what happens to it; they do not know that it can be made into other things and, if so, what the other things are. They do not know that it saves the local authority money if things are recycled. All those things are sort of blank.

Secondly, motivation is really important. We have done work on litter, but we have also done a little work on recycling and on how local authorities and others can relate to the public—simple things like saying thank you when people do well, using positive messaging and, in particular, potentially giving tangible local benefits, given that people are very taken by the idea that if they recycle, they get trees, playgrounds, parks or something very relevant. Then there is the whole question of whether there are any fiscal incentives. If the local authority is saving money, could exemplar recyclers get rebates on council tax, for example.

Finally, there is the infrastructure. There is a general confusion around the country about the variety of methods—what is collected, what is recycled, what colour bins are. We have a very mobile population these days. So there is the infrastructure and a need for the Government not to be telling every local authority, community and business what to do, but to be taking a lead in, first, the debate and, secondly, helping to set a framework and using the levers that they have in order to enable that to happen.

Q131 Chair: May I pick you up on the citizens' juries that you mentioned in Manchester and Lewisham? How were they funded?

Phil Barton: We work with SITA, which sponsored them.

Q132 Chair: Can you see citizens' juries being a means of filling the gap, the disconnect that has been referred to?

Phil Barton: They are a really important mechanism. Of course, they are small numbers of people, but they are certainly something that local authorities and perhaps businesses in their areas might look at and then generate a local debate, get the local paper on board and so on to try and get across to people why the local authority is doing what it is doing, what the value of it is and what the potential benefits are.

Q133 Chair: Finally, may I ask you something, Professor Jackson? When you have been before us before, you have talked about the difficulty that people have of doing the right thing, often with conflicts of interest. I invite you to set out to us what really should be happening and how we overcome the difficulties and hurdles.

Professor Jackson: The first thing I would say is that the circular economy has to be bigger than just recycling. That echoes what everyone has said. For me, the judging point of—the way or means of judging—whether a circular economy is having an effect is by looking at material flows at the global level. The best evidence that we have on that is that we are not actually making progress. For example, a recent study on the so-called material footprint found that for every 10% of increase in GDP, you have a 6% increase in material footprint. If you look at the UK in particular, our material footprint exceeds our growth in GDP over the past 20 years—

Q134 Chair: That's not very good, is it?

Professor Jackson: It is not particularly good. That is not to suggest that we have not done better at recycling, because we have. Actually, on the plus side, recycling rates have risen over those 20 years, quite dramatically in some kinds of materials. I suppose my concern about addressing at the local level, "What can people do to recycle more?", and thinking that will solve the issue, is that it is actually the tip of a large iceberg. People of course are implicated in that iceberg all over the place, not only in their recycling behaviours, but in their purchasing behaviours and their consumption behaviours—the way in which they choose their clothes, where they shop, the way in which they invest their money, and so on and so forth.

So it is about consumers, but all of the lessons from our work suggest that for a variety of reasons recycling-type behaviours are habitual behaviours. Waste management behaviours are habitual behaviours, and they have to be that low cognitive effort, because it is really important to realise that where people come from is that they have lives. They have lives in which they get their children to school, keep up with their peers, earn enough money to have a good life and dream about vacations—recycling and waste management are not high among those priorities, and nor should they ever be if those lives are to be meaningful and important. The one thing that we have found in our work, attempting to look for places where you can break people's waste management habits—or the two things, really—is absolute consistency of messaging and clarity of infrastructure, while the other side of that is to return those behaviours as soon as possible to habitual behaviours, rather than demanding cognitive effort from people.

What is at stake is not only the cognitive effort required in order to put glass in the right place, or recycling in the right place, but all the other things that really matter to people. That is why we have habit, so that we can free up our lives to do things in life that are worthwhile. Also for me there is a really important question to be asked about the things that make people's lives worth while. If the whole set of signals and social signals tell people that what makes their life worth while is having and consuming more material things, then that is a complete counter-signal to the signal that we are trying to send to people, which is to engage in more recycling. The recycling side of the circular economy cannot be divorced, either psychologically or materially, from the consumption side of the economy.

Q135 Chair: But isn't there an inherent contradiction between ever more consumption and ever more growth, and recycling and the resource efficiency that we need?

Professor Jackson: Yes, potentially there is. I certainly would be someone who said that if you have continual growth in material consumption and that is what you base your economy on, you are going to have a problem pushing your recycling rates beyond a certain flatline, because the demand for goods increases. It depends what happens to the recyclete. If you put it into a replacement for the same product, that makes it more efficient, so you save yourself money and that money gets spent on something else somewhere in the economy; there is a re-spending effect. If you expand the demand by creating a new demand for a different product—open-loop recycling as it is called—you have expanded demand without reducing the material need for the primary use. Either way, if your consumption demand continues to grow, recycling will inevitably hit bottlenecks and flatlines.

Q136 Peter Aldous: My first question is to Mr Brown. In Coca-Cola's submission, you describe the challenges of communicating a clear message. Often you have to say that people need to check what the local recycling arrangements are, because of the inconsistencies in local authorities' approaches. Do you think that there any steps that the Government could be taking to improve consistency of message with regard to recycling?

Nick Brown: Absolutely. It is a real issue. Industry has come together in a couple of different ways. Probably the most obvious is the British Retail Consortium on-pack labelling scheme, which is designed to try to overcome some of that confusion about what can be recycled, but there is a whole range of products that have to have a label on that says "Check local authority collections". Quite often, people tell you anecdotes about this in focus groups. Someone will say, "I'm told I should do it, but my sister, who lives three towns away, is told she shouldn't do it, and they can't both be right, can they? Something has to be wrong." We definitely think there is a role for a vision of what a more common and standard collection system could look like. We think there is a role for central and local government working together on what that could look like and putting incentives in place for scheme and system designers and managers to move towards over time, because we think there is a lot of potential for overcoming that confusion by moving towards a more common scheme.

There is also an awful lot of financial opportunity for local authorities. We have seen examples of where local authorities have worked together on joint design of services, and they consistently quote significant operational and financial savings and householder satisfaction improvements as well, so it is not just from the recycling communication point of view that it makes sense.

Q137 Peter Aldous: Is it something that you have considered taking up or have taken up through the Local Government Association?

Nick Brown: We have, actually. We got together with the Local Government Association and did some work with WRAP as well, to try to put together some guidelines on what best practice was in both communications and some elements of system design. We hosted a series of seven or eight workshops around the country for local authority recycling officers to come together to discuss the challenges that they had and look for common challenges. It is clear that there aren't a lot of forums for doing that. We would like to see organisations such as WRAP play more of a leading role in setting out what that vision should be and being more—"directive" is probably the wrong word—supportive in how they can move towards that common vision.

Q138 Peter Aldous: Mr Barton, your submission recommends greater recycling in public places and having separate litter bins and separate household collections of food waste, for instance. Do you think that the Government are doing enough to encourage this move, this transition?

Phil Barton: There is a lot of confusion out there, and the two Departments involved are not always singing from the same hymn sheet, as far as we can see. Food waste is a real issue and the biggest short-term win. Providing, at least in summer, weekly food waste collections could make a big impact compared to other things.

The whole issue of recycling on the go and its relationship to litter and consumer behaviours—when they are buying packaging, food and so on while they are out and about—is quite a complex one. It vexes us from a littering point of view, as you can imagine, but it also does from a recycling one. There are some quite challenging issues there about contamination and so on. Basically, the infrastructure generally, with some honourable exceptions—Coca-Cola has set up recycling zones in various places—is not there across the country and where it is, it is often not that clear. Again, one of the things that came out of the citizens’ juries was that people actually want a really simple graphic. They want a picture of whatever it is—I don’t know if some clever person can come up with a picture of landfill—on a bin so they absolutely know what this is for and what it is not. This confusion about what can go in where applies as much in a town centre as it does at home, probably more so.

Q139 Peter Aldous: From what you have said just to start with, you indicated that Government might be speaking with a forked tongue.

Phil Barton: Our concern is that there is a big drive for weekly collections. In our view, there should be weekly collections, but it is a combination of recycle and general waste. It is not necessarily that general waste should be picked up every week and, indeed, there is evidence to show that it is some of the recycles that should be picked up more regularly. Therefore, the message that is going out to local authorities and to a degree, the public, is a confused one. It also links us right back to the question about what this is all for, how you build that public trust and confidence and get a consistent message. I think there is absolutely an issue—we find this with our local authority colleagues—that a lot of the previous forums for good practice and developing policy and so on have either disappeared or have been severely scaled back over the last few years. They are crying out for this sort of help as well.

Q140 Caroline Lucas: On the collection of food waste in particular, do you think there is more of a role for Governments to be giving some more resources to local authorities to enable them to do it? I know of local authorities that would love to do this. The particular one that I have in my mind, not a million miles away from Brighton, applied to the EU for some funding, was unsuccessful and is facing £20 million worth of cuts year on year at the moment from national Government. There is a real tension between the best intentions and what the resources are there to do.

Phil Barton: Absolutely, and that tension is played out all around the country. I think two things: one is that, leaving aside the resources, if there was a clear, consistent and common message about what works best and a greater degree of a common framework than there is at the moment, that would help decision making locally where you have got to make priorities between different sorts of collections, different sorts of activity. Secondly, of course, the economics of recycling are complex and the landfill tax escalation and so on plays into a major driver for local authorities in terms of recycling.

The other thing, of course, is that there is again a danger of just focusing on recycling. In terms of food waste, any food that can be consumed by humans should be consumed by humans. Therefore, rather than having waste going into recycling, one should ideally be focusing on how to get that food waste to people who need it. How do you educate households? How do you get portions being bought in smaller quantities and so on? Food waste is a really important issue. Some of the supermarkets have picked up on it—Tesco

particularly has started to publish its figures on that—and that is an area that is crying out for a proper national debate with Government leadership.

Q141 Peter Aldous: Professor Jackson, you may have some comments on this.

Professor Jackson: What both of my colleagues have said is absolutely right. The consistency of message, the ability to have properly resourced local authorities providing properly resourced facilities is absolutely clear. I just wanted to show you [this](#) because I love it. It is a very particular example of how badly wrong it can go. I have a few copies, which I will pass round this way. It is called “Recycle your cardboard” and comes from a local bring centre. The message is very clear—recycle your cardboard—but underneath there is a little message that says, “If this site continues to be abused with the dumping of waste and excess recycling, this facility will be withdrawn.” Because it was in my neighbourhood, I phoned the phone number. I probably should not have left the phone number on there but I did so that you can actually identify where it was. I phoned the local authority and asked them why they were exposing consumers to such a conflicting message because it is exactly what every psychologist tells you not to do. It turned out that as soon as they put the cardboard recycling facility there, it was so quickly full of recycled cardboard that it was beginning to overflow. They had neither the resources to provide another, nor the resources to collect on time so, short of encouraging consumers to do exactly the right thing, they took on a big stick and started to berate them for doing it too well.

That is absolutely the problem with a lot of recycling structures—they have to be resourced, consistent and well-signalled. They have to understand people’s motivation that this is a low cognitive effort resource: I know exactly where to put the cardboard; I am not being told off for doing it; and it happens very easily for me.

Q142 Chair: For the uninitiated—where is the telephone code 01483?

Professor Jackson: I couldn’t possibly say.

Q143 Caroline Lucas: I will pick up on what the Chair was saying earlier about the tension, in a sense, between a rising population and rising consumption, and whether that can be decoupled via efficiency alone. A question on the policy debate, I suppose, is: do you think there are any risks with using the language of the circular economy which might, if we are not careful, lead us still to think only in terms of efficiency and not sufficiency? In other words, as long as we are feeling warm and happy enough about the fact that resources are somehow being reused, we think that complete decoupling has happened.

Professor Jackson: There is a risk. Maybe I should have said this right at the start: the language of the circular economy has been a useful, powerful, informative one. It has enabled a wider affiliation to the ideas than had previously been possible. In particular, what the Ellen MacArthur Foundation has done has been incredibly important, particularly in bringing business into that community and into that discussion—giving them a language they could speak about these issues with.

It is an issue. The question of resource efficiency and availability—security of supply chains—is a fundamental business issue. Ellen MacArthur has very successfully moved that up from waste management and sustainability officers—not that they are not fantastic people

in their organisations—more into the boardroom and to discussions with the CEO because issues of resource scarcity and resource security at board level are incredibly important.

The circular economy language is not new; Walter Stahel was writing about the circular economy in the early 1990s and the late 1980s. What has happened recently—all credit to the Ellen MacArthur Foundation for doing it—is the creation of a coalition of people with a real interest in that dynamic: creating a circular dynamic of resources rather than a linear throughput model. Does it distract us? Does it give us too much of a warm, cuddly feeling? I would say if it is then reduced to recycling things and creating secondary markets for recycled goods, yes. If it actually leads us towards a fundamental consideration of the nature of the economy itself and the way that profit is extracted from the economy—if that is extracted purely through the throughput of material goods—it will inevitably undermine all of the efforts of recycling, reuse and, indeed, of the circular economy. If it prompts a real rethinking of what economic activity is doing and its relationship to material things, it still has legs; it still has a lot of mileage and it should not be reduced just to talking about recycling.

Q144 Caroline Lucas: If the bottom line is how efficiently we reuse materials, ultimately we are going to need to be using or consuming less stuff because of the rising population and so forth. We have fewer gadgets and more efficient gadgets but we have that many more of them that the benefit is, to some extent, cancelled out.

Professor Jackson: That was the statistic I started with. If you do not look at what is happening at the level of global material flows, you are not really picking up the whole story.

Q145 Caroline Lucas: How receptive are the Government to that? Do you have any sense that if we are trying to shift them—in a sense, it feels hard enough to be shifting them on the efficiency debate to then push them to sufficiency and start to think about what we are talking about now. Have you got any glimmers that there might be some interest in that?

Professor Jackson: I think there is interest in it. The interest is not necessarily in this Government at this point in time, I would say, but there is certainly an interest, for example, in Sweden, which has just funded a study called “Beyond GDP”, specifically looking at the idea that an economy is not built on the relentless increase of material consumption. There are other examples. Obviously, the Enquete commission in Germany tried to do a similar thing by looking at decoupling and the potential for it, and identified the limits to that. There are initiatives in Canada and the United States that identify, or at least look at, the potential for different kinds of economic structure. The whole interest that the circular economy has generated in alternative business models is a key part of that dialogue because, unless you have a business model that is different from the one predicated on the material throughput of consumer products, you cannot create an economy that will deliver the circular economy in toto.

Q146 Caroline Lucas: If you were trying to put that idea to the Treasury, what do you think would be the best things to do to get it to start asking those questions? Would it be asking it to do some kind of research project that it would then own?

Professor Jackson: Yes. I do not know the ins and outs of it, but I understand that there was in fact an attempt at some point to create a project with the Treasury's backing, looking at resource issues and the dependency of the UK economy on resources. I think that is absolutely critical. It is such a fundamental part of the success of an economy in the long run to know that its supply chains are secure and that it does not have resource dependencies it cannot ever meet. Unless we know those numbers and sums, we are really not governing the economy properly at all.

To return to my key statistics, when you do those numbers on the basis of a material footprint, you find at the moment that the UK material footprint exceeds the growth in the GDP. We are becoming more dependent on resources and less able to deliver that domestically, and we are therefore creating trade imbalances that will not just create environmental impacts elsewhere but will also undermine our own economy in the long run. It is such a fundamentally basic economic issue that there has to be a very, very strong case for a Treasury-led project on the resource dependency of the UK economy.

Q147 Caroline Lucas: One quick question to Phil Barton—in your evidence, you talked about happiness and well-being going hand in hand. I know that is out there as an idea, but I was interested in it coming from your organisation. What amount of work have you done behind that?

Phil Barton: We have done quite a lot of work, not so much on recycling but on the quality of local environments; how streets and parks are looked after and how people view them. In terms of the market research we have done, the suite of issues about the quality of your local environment, whether people feel safe and proud to bring friends and family to their area and whether they feel able to let their children go out to play, comes at the top of the list for external factors—after a set of what you might call personal hygiene factors around income, family and health in terms of the family and individuals. There is now a growing body of evidence we have drawn on about the relationship between the quality of the local environment and exercise, obesity, children's play and low level depression. I could provide you with the references. People feeling able and free to move around in their local environment and to feel safe in it is a really important component of whether they feel fulfilled and whether their well-being is encouraged or not. We have lots and lots of evidence where it is difficult to put a causal effect, but there are strong correlations where you put together local environmental quality metrics with health, crime and well-being metrics. The better the local environment, the better the others. It is difficult to say absolutely that it is the local environmental quality that causes it, but it is clearly a significant factor, both psychologically and in terms of the data.

Q148 Katy Clark: In 2012, Coca-Cola opened a plastic recycling plant in Lincolnshire, with Eco Plastics. How do you think a Government can support a stable investment environment for further recycling infrastructure?

Nick Brown: We spent a lot of time looking at our various different models. There was an issue in GB that we could not get food grade recycled plastics, so we looked at several different models on how we could do it. We decided that we needed to invest directly, with a reprocessor. We made that decision on a couple of different things: whether the technology available and capable, and the skills and expertise of the management team and the availability of a consistent feed stock—was there enough material to make that investment

worthwhile and provide the materials we needed? We went into that investment and I also sit on the board of the Resource Association, which is a group of recyclers. It is the availability of a consistent stream of materials that is one of the biggest issues that needs to be addressed when making investment decisions.

It comes back to what we were talking about earlier. There are 408 local authorities to deal with to buy those materials. There has been talk about joint brokerage schemes or organisations coming together to trade materials collectively that might make a clearer link between the reprocessor and the householder or the local authority. There are also some ideas about being clearer about where materials go, as there is still some scepticism among consumers and householders about what happens to the materials they recycle. So can we make it clearer that we are working harder to make sure more is recycled domestically, because that is a message that then reinforces peoples' willingness to recycle.

Q149 Katy Clark: So Government and local authorities have a role to play, but what about the private sector? Has your organisation considered deposit or reward schemes?

Nick Brown: We operate deposit schemes in other parts of the world. In GB, we have shown that, for beverage packaging, which is my area, about six out of 10 plastic bottles and cans and seven out of 10 glass bottles are already collected and recovered, so consumers are getting the message and doing it and that is growing quite quickly. There is no need for a scheme like deposits and actually, for packaging, we have to make sure that we support the simple systems that people have got, as opposed to adding more complexity and asking consumers to do more things. We fundamentally believe that encouraging people to use the household systems that they have got and supporting them to become more effective is the best way of generating more, better quality materials.

Katy Clark: More generally, in terms of the ongoing risks around the investment you have made so far, how are you managing those and what are the main risks? Is it quite a stable situation or do you feel there is risk?

Nick Brown: We have operated that plant for two years. Having the right feed stock policy to make sure we have got enough coming in to feed the plant is one of the things we have to work with. We have to make sure we are paying the right price for those materials, we have got the right skilled people and there are markets for the material.

One area we are particularly interested in is the packaging responsibility scheme: PRN. We think it is a really good scheme but it could be used to drive circular economy principles much further. At the moment, it does not encourage people to use recycled material, which it could do. It does not take into account design for end of life or design for recycling and it could do that as well.

The moneys that get put into the scheme could be much more focused on communications or collection of difficult material. We definitely think there is an opportunity for PRN reform that would drive circular economy principles within packaging generally and within what we are trying to do specifically with beverage packaging.

Q150 Simon Wright: I wanted to follow on from that point. Could you say a bit more about how you would like to see PRNs improved to support the circular economy?

Nick Brown: I can flesh out some of the things I just mentioned. The scheme has done a great job over the past 10 years or so to bring quite a lot of money into the collection and reprocessing of materials, but it can do much more. There are some ideas around whether you could provide people with a PRN credit if they use recycled materials. Because they are providing the commercial pull for the materials, can you reflect that in the PRN contributions that businesses make?

With design for recyclability, there are some packages that are put on the market and it is known that they are an issue when it comes to end of life and recycling. Some of that is done with exactly the right motivation. The lifecycle analysis might say that it is better to use a much lighter or more functional non-recyclable piece of packaging. I still think we can do more to encourage businesses to make a conscious decision that takes into account the end of life of the material. The PRN could again be used as an assessment on packaging to work out the end of life, so to have different contributions for packages that are harder to recycle or have a harder end of life.

Industry pays hundreds of millions of pounds a year into the PRN scheme but it is difficult for us to know where that money goes. It is quite opaque. It does make its way back to where it is most needed but not in a very transparent way. We would like to see a bit more clarity on what PRN moneys are used for. If local authorities have got specific challenges in increasing plastics collections or communication for glass recycling or something like that, those funds are more specifically targeted at those issues.

There is an issue getting quite a lot of media attention at the moment about export PRNs. Our view is that the current scheme can incentivise not just the export of materials but the collection of a lower quality of material. We have been calling for changes to that, as well.

We think it is a really good scheme and it has driven a lot of improvement over the past decade, but it is right now to take a look at it and see if we can more closely align it with the objectives of the circular economy. I will say that it covers only packaging and packaging is around only 7% of the total waste arising in this country. While that makes a real impact, and we are really keen on that, there are other mechanisms for other material types.

Q151 Caroline Lucas: I want to go back to the earlier question about the deposit or return reward scheme. I was not clear whether you had done a piece of research that gave you evidence to suggest that it would not be more successful, or whether that was just your hunch. I wondered whether anybody else on the panel had any evidence from other countries or from modelling that some kind of specific reward scheme, via returns or deposits, would be more effective.

Nick Brown: Reward and recognition is many different things in many different ways. With a pure deposit, there are countries around the world that we operate in where you have collection rates of between 70% and 85%. We are at 70% on glass already and 58% on plastic bottles and cans. From the point we are now at it would not necessarily be a significant amount more material to move to that.

Q152 Caroline Lucas: From 58% to 80%, if you took the lowest for the plastic and the highest for other countries, that is quite a big shift, isn't it?

Nick Brown: We have come from 15% a decade ago. So the journey of travel is taking us in that direction as well. We know that consumers will recycle more if we give them some of those messages. So if we look at deposits specifically you would be asking consumers to do another sort on their materials and you would potentially be trying to explain why a drink bottle had to be sorted separately from a shampoo bottle: one had to be taken back to a completely different recycling route with all the cost and complexity of setting up and managing that collection. So, yes, we are aware of schemes in other countries. We have done research on what the implications would be. We would much rather support all packaging types and all waste types through effective household collection schemes.

Q153 Chair: That naturally brings us to the end of the issues that we wanted to explore with you prior to the second panel who will be joining us. May I thank each of you? If there are issues that you wish to clarify further with us, perhaps with regard to the Treasury work, we would be happy to hear from you. So, once again, thank you very much to all three of you.

Examination of Witnesses

Witnesses: **Dominic Hogg**, Eunomia research and consulting, **Steve Lee**, Chief Executive, Chartered Institution of Wastes Management, and **Councillor Clyde Loakes**, Environment and Housing Board Vice Chairman, Local Government Association, gave evidence.

Q154 Chair: May I thank each of you not just for coming along to our session this morning but for sitting in during our previous session. It enables us to continue from where we left off. I should explain that we have changed our normal Committee time to this morning because of the Queen's Speech arrangements so we are perhaps thinner on the ground than usual. But I can assure you that your evidence will be taken fully into account in our inquiry.

We have heard just now about the economies of scale or the benefits that would come from having a more joined-up approach to recycling right across the country and across all the different county and unitary authority areas. How do we get that more co-ordinated approach to recycling? The LGA in its evidence talked about an extra £1 billion of value that we could get, but is there some disconnect there with the Department for Communities and Local Government in terms of its approach to recycling? So how do we overcome what appear to be some of the inconsistencies? Do you want to start, Councillor Loakes?

Clyde Loakes: To set some sort of background, recycling and waste services are some of the most popular services; local residents constantly tell local councils that they are happy with them. Percentage rates for satisfaction are in the early to mid-80s. People, generally, on the ground in their local communities tend to be happy with their waste and recycling services. On top of that, local councils have almost led the massive increase in recycling over the past decade going from 13% to 43%. They have really transformed local services. They have done that through a period when budgets have been constrained and there has been a drive on efficiencies to deliver that success. They have done that in partnership with their residents. They have designed local services for waste and recycling collections with their local residents, which is a principle that sometimes gets lost in some of the current narrative

from central Government, particularly from the Department for Communities and Local Government. You either have a localist approach to services or you don't.

Q155 Chair: Is there an inconsistency?

Clyde Loakes: If councils cannot make decisions on issues related to bin and waste collections—that is pretty much as local a service as you can get, and I would point to principles of localism. They are doing well and are working with residents to deliver year-on-year increases in recycling. That is an important narrative and principle to put in place. There is clearly a lot more that can be done, and councils are up for the challenge of helping not only to increase their own recycling services but to develop and deliver a circular economy. But councils need extra resources and tools to be able to do that. In our “Wealth from waste” report we started to allude to some of those in particular.

We have just picked up a point on the packaging recovery note system. As Coca-Cola clearly said, the system definitely needs to be reviewed. Councils currently subsidise this country's commercial multinationals to the tune of £550 million a year to dispose of their packaging. Last year, the PRN system brought in less than £100 million. We are not clear that any of that actually ended up in local councils.

Q156 Chair: If you were going to prevent that subsidy and deal with it, what measures would you suggest?

Clyde Loakes: We would like to see some of that PRN money go to local councils to help them provide improved and better recycling infrastructure. There was a conversation just now on the need for infrastructure. We have inherited a patchwork of infrastructure across the country. Some of it is historical, some of it is in the public sector and some of it is in the private sector. It is a real patchwork solution, and there needs to be a bit more tightening up and better, more modern provision. We would like to see some of the commercial landfill tax come into local government, too. Again, we believe that can help to stimulate some of the much-needed recycling infrastructure and help us to deliver more.

Q157 Chair: Has the LGA had talks with the Treasury about the possible mechanisms for doing that?

Clyde Loakes: These items were included in our “Wealth from waste” report, which was sent to senior Government Ministers.

Q158 Chair: I am talking about feedback from the Treasury.

Clyde Loakes: I think the Treasury haven't come back to us on that particular point because it would mean giving local government money, but we think there are a number of mechanisms through which they can do that. The green investment bank, for example, is a mechanism that could be better utilised to provide us with the resources to deliver much-needed infrastructure. Those kinds of things haven't yet really been played out to their full potential.

Q159 Chair: Talking about how you could get everybody working across different local government areas in a more joined-up way, Hampshire county council told us that they would like to do that with neighbouring councils but one of the issues is the long-term

contracts to which they are committed. You can never actually catch up because you can never start from where you want to start. You always have contracts to which you are committed that are going to be costly to exit. How would you deal with that?

Clyde Loakes: Historically, you have a number of joint waste disposal authorities already. I am chair of the North London waste authority, which is seven boroughs. There is great potential in making that work. You have organisations such as the London waste and recycling board, which is working with the 32 London boroughs, so I disagree a little with the fact that such networks for helping greater efficiencies aren't in existence. We need to encourage examples of voluntary waste disposal authority partnerships such as the South London waste partnership, where a group of unitary authorities have come together and are now starting to provide kit. It is expensive to come out of stuff, but we need to set some sort of landscape that encourages greater working. At the moment, it is a bit rigid and static. We could share some of the good practices and work that has been delivered by such things as the Kent partnership, for example, which, again, is another voluntary set-up, and demonstrate how it can work. Before you are immediately at bin collections, perhaps you can go into some of the softer side of stuff—maybe reusing things, sharing your household waste and recycling centres, and creating that kind of network—that convinces the politicians, councils and officers in those particular areas that there is some value in sharing resources and putting together a more efficient programme, and then actually, you can start moving into some of the harder stuff, which is around joint procuring of contract for collection of recyclates and the sale of recyclates, perhaps.

Q160 Chair: Do you see a role for joint procurement?

Clyde Loakes: It is a clear tool that has been deployed and will continue to be deployed going forward.

Q161 Chair: Mr Hogg, you look like you want to comment on how we get that standardisation and do away with the problem of the variations at local level that make this incomprehensible.

Dominic Hogg: The first thing to say is that it is often difficult to get agreement around what are often local authorities with their own agendas and politics. We worked on the first big example with the Somerset waste partnership, and it was a lengthy process in the gestation, but it did actually lead to significant savings for the council as they reorganised the whole of the collection systems across the county. They set up a single client organisation. We know that can be done, but it is difficult. For district authorities, it is the only remaining big service that they provide and are responsible for, so it is something that they are slightly reluctant to cede control of in our experience. So one of the answers is that it is politically difficult.

Mitigating against that, the incentive to look for those savings at the moment could never be stronger, because the authorities are looking to make savings, so they are being pushed to look at all sorts of efficiencies that they can make in those contracts. To varying degrees, they are doing so. In terms of the consistency, I think there is something that Government could do more. Vis-à-vis local government—and I say this with Clyde sitting beside me—I think Government have been a little too reluctant to say, if not exactly what to do, then what not to do, almost like the Trinny and Susannah of the waste management

world, because things have certainly happened over the last 15 years that we could have avoided if we had set some sensible parameters around which local government could make their own decisions locally. We did not have to take the decision away; we simply had to narrow the scope within which those decisions are made.

Q162 Chair: Is that the same as guidance or regulation?

Dominic Hogg: It is guidance, but I quite liked the example they had in Flanders, where they would give all the local authorities what I would call guidance as to what the customer experience should be; so, “You should have a recycling service of paper at least once every two weeks. You should have a recycling service at the doorstep for—” and so on. It was basically saying that everyone should get a minimum level of experience. I do not like the idea of being too prescriptive and making it uniform across the whole country. I think we have had some interesting innovations around our collection services over the past decade and more, and if we make the thing too prescriptive, we run the risk of pushing the innovation out of the process of the service delivery, and I think we need to maintain that.

Q163 Chair: From the Chartered Institution of Wastes Management’s perspective, these issues must be on your radar quite a lot of the time. Mr Lee, perhaps you could give us an insight into how we deal with standardisation, incentivisation, infrastructure investment or the possible greater role of the green investment bank to overcome some of the shortages of investment funding.

Steve Lee: Your question could go into so many different corners. May I start off by remaking the point that we recognise that the circular economy is much bigger than recycling, and certainly much bigger than the recycling of household waste? We think there is at least £10 billion economic benefit in the UK to be achieved relatively easily through a more circular economy, and at least 100,000 jobs. That is just based on some thumbnail figures in a recent product from the European Commission. It came out last week, and I will be leaving a copy of it with your secretary. We also missed the fact that recycling in this country is a relative success story—sorry, you were going to ask a question, Chairman.

Q164 Chair: I was only going to say that we will be having a video conference with the European Commission later today on that subject.

Steve Lee: Okay, good.

There are some fascinating figures in this four-page summary. If you calculate on a population basis what is possible in the UK, it underlines the importance of our striving to achieve a more circular materials economy. Do the math, as the Americans would say.

Going back to recycling being a success story, we too often look past that. We have come from single-figure recycling at the turn of the century to 43% last year. We are actually identified as the fastest riser in Europe, and we are held up as an exemplar for slower-moving European member states. A fantastic performance, but that still leaves us short of the 50% that we are striving for on the 2020 target, and CIWM would want you to know today that we have serious concerns as to whether we are going to be able to hit that target, given the current circumstances.

The good news for the Government is that it is not all about money. A very important part of this is about communications, getting the message across, getting the message simple, and getting it to people through routes with which they are comfortable and that they trust, from people they actually want to hear the message from.

They also want consistent messages from the Government, but at the moment we see a disconnect between different Government Departments. It does not help to have one Government Department concentrating on quantity and quality, and another Department concentrating on frequency and customer quality of service.

Q165 Chair: Can you be more specific, please?

Steve Lee: Yes. It does not help to open the daily press and find stories about separated food waste collections being described as “slop buckets”—that does not help.

The bad news for the Government is that it is about not only communications, but money. I have brought some statistics for you on performance in Welsh local authorities. Their national average recycling performance is now at 53% as opposed to 43% in England. Why is that? Partly because they have got the story, the messaging and the coherence from national strategy through to individual local authority plans. That is in place and it is doing very well. They also make more money available to their local authorities. Last year, that was approximately £71 million in addition to their normal funding of local authorities. By my maths, I think that there are probably about a million households in Wales, so that is an additional £70 a household in Wales, and that makes all sorts of things possible, including separated food waste collections, high-quality collection and high-quality reprocessing, hence a better performance reported from Welsh local authorities.

It is not just Government who have a responsibility to make this work—the recycling story within the bigger circular economy story. You ask what can move us forward. You have already heard a lot from your other two experts, particularly about joint working between authorities. We are seeing some great examples of that happening at the procurement stage, at the service delivery stage, and even at the point of access for recovered materials back into markets. There are excellent examples of cross-working.

Q166 Chair: On those examples of joint working, is the initiative coming from the local authorities themselves?

Steve Lee: Yes.

Q167 Chair: It is not because of anything prescribed centrally.

Steve Lee: No, it is not forced on local authorities at all.

Q168 Chair: So it’s about local champions.

Steve Lee: You could say it is being forced on local authorities because of their pinched resources. They are obliged now to look for increasingly radical and effective methods of working in service delivery, and it is operating at all three levels.

Q169 Chair: What about the local authorities that do not have local champions?

Steve Lee: The pressures on local authorities are generic. More and more authorities will be driven to looking for new ways of working. You have already heard from Councillor Clyde Loakes about people taking relatively easy-to-deliver decisions such as sharing household waste recycling centres and sharing access to markets for secondary materials. You yourself pointed out the difficulty of marrying the different time scales on contracts. The average lifetime for a waste collection and recycling contract is seven years; the average lifetime for a waste management and disposal contract could be 20 or 25 years.

It is important that local authorities are given the opportunity to look at not only the costs of breaking into contract periods and harmonising with neighbours, and therefore being able to work with neighbours, but the benefits as well. You have just heard Councillor Loakes talking about how we might achieve that by starting off at the relatively easy-to-achieve forms of joint working and moving towards joint contracts and really effective joint working between authorities.

Q170 Chair: Just before we move on, both you, Mr Lee, and Mr Hogg mentioned infrastructure investment. I was very interested in the scope that you saw for the possible role of the green investment bank in that. I have seen just recently how there has been a huge increase in investment in street lighting. It is not the same area, but I think there is obviously a similar kind of emphasis and focus for local authorities. Are you aware of any possible joint working with the GIB on getting the necessary infrastructure finances that could help with this?

Dominic Hogg: We have some concerns about the GIB and the decisions it is making in waste management. If you look at the projects it is funding directly itself, it tends to support the large residual waste treatment contracts, some of which were ones from which the Government pulled back from funding under PFI. I would suggest that the record of funding is not particularly green and nor is it particularly successful. Funding Gloucestershire just before the decision went to the planning committee and got thrown out, and funding Norfolk just before that—then the contract was literally weeks before—seemed to be a strange decision. One or two others that have been funded look not to be especially green at all, in our view.

Q171 Chair: So you are suggesting that the track record of the GIB so far, in terms of looking at the potential opportunities that there might be for green investment on waste resource and recycling, is not perhaps where it needs to be?

Dominic Hogg: If you looked at the portfolio of its own investments, you would certainly ask yourself, “What the hell does that have to do with the circular economy?”, because it is very strange indeed.

A couple of anaerobic digestion investments have been made more recently. There are a couple of investments made to separate bodies investing independently, as it were, of the GIB, which is making some interesting investments itself. It is a little more interesting. The difficulty with waste is that some of the large capital investments are not necessarily the ones that you would be looking to support if you were seeking to stimulate the circular economy.

Q172 Chair: When you referred just now to large residual treatment, were you referring to incineration waste?

Dominic Hogg: Yes. Mainly incineration waste.

Q173 Chair: So basically what you are suggesting is that the emphasis of the green investment bank is on incineration and those with previous PFI contracts, and that they should be looking to change the direction of travel.

Dominic Hogg: Yes.

Q174 Chair: Do you wish to comment on that, Mr Lee?

Steve Lee: Can I be absolutely clear? This industry does not have the infrastructure that it needs to deliver the future. We are short of many types of infrastructure and technology, from recycling, reprocessing and energy recovery, right across the spectrum of things that we must do to our waste to keep it working or to put it back to work. We believe that decisions over PFI that were pulled from seven local authorities, I think, in the last 18 months were short-sighted.

Q175 Chair: Are you talking about pulled for incineration?

Steve Lee: Yes, they were.

Q176 Chair: So there is a disagreement between the two of you in terms of the role of incineration.

Steve Lee: Dominic and I know where we can tease ourselves apart. We agree on an enormous amount of things, but I'd like to say that the decision to pull away from, I think, seven PFI major funded pieces of infrastructure appears to be based on the existing landfill directive and revised waste framework directive targets—that is for landfill diversion and recycling.

We have known for several years that these targets are under active review at European level. First indications that came out last week suggest that the Commission will push for a radical increase in both targets, including a potential 70% recycling target for Europe by 2030, a landfill ban for recyclable materials by 2025, and a landfill ban for anything that is recoverable by 2030.

That means we have a lot of changes to infrastructure, and to services, partnerships, and the way we interact with our customers, whether at home or at work. We are short of the infrastructure that we need to deliver the future. Having said that, the green investment bank is a good, and I am sure you will be taking evidence from it about where it thinks its priorities are. The green investment bank has supported recent projects in anaerobic digestion, and the signals it sends to other potential investors that this is a technology, a process and a part of the market in which it has confidence, and is willing to invest, are incredibly powerful, so the green investment bank is a good. My only criticism is that it has been slow to start the flow of projects, but that is a harsh criticism, because this is a difficult business. I encourage it to do more.

Q177 Chair: I am sure it will hear your words of wisdom. Do you want to come back, Mr Hogg?

Dominic Hogg: I do not disagree that we need infrastructure, but I question whether the green investment bank, with its own remit about reducing carbon emissions, should be focusing its investments in the area where it has. The way in which the green investment bank appears to be assessing the impact of its investments is quite different from the research coming out of DEFRA on the relative impacts for landfill and incineration. If you apply the nature of the analysis that DEFRA has suggested should be done, you find that because the carbon intensity of the electricity generated by an incineration plant is expected to decline over time as the electricity system decarbonises, landfill becomes better than incineration, in carbon terms, if it is only generating electricity in about 10 years' time. That is a technical argument, but it happens to be based on DEFRA's analysis. You would have to question why the green investment bank is supporting it. I don't deny the need for infrastructure, but I question whether it should be the focus of the "green" investment bank.

Q178 Chair: That is quite a technical, complex piece of evidence.

Dominic Hogg: I would happily supply additional supporting evidence.

Chair: That would be really helpful. We must move on.

Q179 Peter Aldous: A number of the items of written evidence we have received suggest that we lack information and data that would enable us to understand the flow of materials. To what extent do you think that is a barrier to a circular economy? I ask you to go first, Mr Hogg, because you have described the current arrangement as "abysmal".

Dominic Hogg: It is abysmal. We have a bizarre situation in which we periodically carry out a range of surveys for commercial and industrial waste, and construction and demolition waste. If you were to ask anyone in the industry exactly what they think the recycling rate for commercial and industrial waste is at the moment, they would probably have to say, "We don't really know," so we need a better data tracking system.

In my experience, whether we talk about going up the waste management hierarchy or within the tighter circles in the circular economy, the requirements for information become even more challenging. The resolving power, if you like, of your data collection mechanism becomes much more challenging. On investment, an example was given in the evidence that was submitted on the switch to LED light bulbs. LED light bulbs contain rare earth metals, yttrium and terbium, so you have to think about where and when those materials are going to come out of the waste stream, because they will be in stocks—they will be in the lighting system for some time. That is a real challenge for somebody who wants to extract those metals from those light fittings. They must understand the optimal timing of their investment.

I am sure Mr Lee will agree that the eDoc system that the Environment Agency has introduced is welcome. I was disappointed that it is voluntary and was not made mandatory, and I am slightly concerned that we have gone backwards a little, because DEFRA has now decided to allow alternatives to waste transfer notes to be used as evidence of proper handling of data, so they can record waste that has been moved on an invoice, rather than a waste transfer note, which dilutes and diffuses the nature of the information. We need a proper, electronic register where we track the movements of waste and what it is through the whole system. I cannot believe this is a question of if; it has to be a question of when. If we want to

accelerate the transition to a circular economy, we need to know where our materials are. If we don't, it will be far more difficult for anyone to invest in anything.

Q180 Peter Aldous: You have answered my next question, but I have a final one about the improvements we need. Who should be funding them and leading on them?

Dominic Hogg: I know that there is an ongoing project across the Environment Agency in the UK to look at the potential for introducing a more mandatory system of tracking and linking into the system of trans-frontier shipments of waste so that we have integrated management of data. It seems to me that it should be the responsibility of the relevant ministries in the different countries. We have looked at what happens at European level, and if they all do it together the chances are that you will have one cost for setting up all the software and data infrastructure rather than replicating it several times and potentially doing something marginally different each time. That is one of the major up-front costs. It is not massive; it is of the order of £3 million or £4 million. It is not massive in the scheme of things. It is a one-off cost to get the system organised.

Clyde Loakes: There are shed-loads of data on what local councils collect. I get that from my own boroughs weekly, which shows how much of a champion I am for what goes on in my patch.

If we are seriously talking about growing the circular economy, there is something perverse in the system that allows almost an incentive to export low-grade recyclates out of the country because it is cheaper. We need to get to grips with such perverse incentives, because incentives should be to create the infrastructure in this country to pull out those resources that can be recycled or reused, not exporting them because that is a cheaper option. We should grow some of our own research and development in this country. That is seriously lacking because we do not encourage research and development into creating new solutions and new interventions.

Q181 Chair: Is there sufficient understanding about grants from the European Union to help with that research and development?

Clyde Loakes: I think there is some understanding, but it should be understood more widely and I do not think it is. We have a system of encouraging through incentives the export of valuable recyclates. Something is not quite right. The system is not working and if we are serious about a circular economy, those questions must be asked and those challenges made and addressed.

Steve Lee: Yes. Thank you for asking this question. It has been a real bugbear for our institution for at least a decade. In every inquiry and every submission of evidence to any consultation by a relevant Government Department, our first comment is that the data on 90% of the materials that are not municipal waste are awful. The data on municipal waste are pretty good using the WasteDataFlow system that the Chartered Institution of Wastes Management built. Local authorities are using it very successfully, and may they continue to do so. Councillor Loakes is absolutely right. We have pretty good data on municipal waste, but on industrial and commercial waste, and construction and demolition waste in particular they are awful,

It is very difficult to join up periodic survey to periodic survey. Things have changed and assumptions are different. The calculation methods, how you describe different types of waste, how you gather the data and how you aggregate that between member states are incredibly variable, making comparison from one member state to another at least dangerous and perhaps impossible. Even when looking at how data are expressed in the Republic of Ireland compared with how we do it in the UK, it is difficult to compare the two sets.

However, looking forward, there are bright spots, and I am delighted that we have already heard about the electronic duty of care—eDoc—which is a very important project. It is three quarters of the way through its life. It has produced a web-based data, trafficking and monitoring system that is free to the user. It was launched at the end of January. It is supported by all four UK Governments. The big question now is who will be its foster parent and who will look after it in the next critical four or five years of its life.

Q182 Chair: Who should be the foster parent?

Steve Lee: The four Governments will pay for that foster parenting and continued development and care for the eDoc. We work very closely with them. We are a project partner and I was there yesterday. I believe that the Scottish Government believes most in this data system and its future use. They see particular potential to develop it to move beyond the non-hazardous waste duty of care concentration that it currently has. This is a system that could well be developed to cover the manifest approach to monitoring hazardous waste movements and treatment and disposal and trans-frontier shipments of waste. Those are potential future developments.

CIWM is putting its heart and soul into promoting the use of the electronic duty of care. These are very early days, but we have some great local examples of waste producers, waste brokers and waste managers picking it up and suggesting that their supply chain partners work with them and that they pick up on the electronic duty of care as well. It will be a slow burn, but unless we support it to max, I cannot see any other route to generating data on waste and resource flows. If you do not have data, you do not have information. If you do not have information, you cannot forecast. If you cannot forecast, you are providing services and infrastructure by not much more than guesswork.

Q183 Chair: Do you want to come in on that, Mr Hogg?

Dominic Hogg: I agree with everything that Mr Lee has said.

Q184 Mrs Spelman: I want to discuss the impact of the landfill tax escalator, which we probably agree has had a huge impact on improving recycling rates. Do you think that there is scope for a similar fiscal measure to be used to encourage companies to use more recycled product in their manufactured goods? Can you think of an instrument that could work in that way?

Steve Lee: Again, this is a really important question and one that CIWM has been thinking about for a while and that has been built into other evidence that we have supplied. The short answer is that we think there is scope. The current message coming out of the European Commission is that they believe that economic and tax tools are underused throughout the circular economy throughout Europe. CIWM would like to see a transfer of

the weight of taxation away from effort, from skills, from employment and towards virgin resource use. That could take many forms, including a variable VAT rate across Europe, such that it would encourage designers and manufacturers to look for sources of secondary materials for their products, services and processes. We believe that there is great scope here and it is something that only Government in the UK can carry forwards as an argument into Europe, because it would be a very difficult thing for an individual member state to do on its own, but it could have tremendous impact if it were picked up at a European level.

Clyde Loakes: I agree with what Steve is saying, but it is also about the design of products and materials. There are some good opportunities for the UK Government to get in there with the European Union to help with the regulation around better design of products and materials, so that they can be repaired, reused or recycled for longer life. That is an area around design in which we still have a long way to go.

Dominic Hogg: From a socio-economic perspective, the other interesting case that we have heard about is the aggregates tax. It has been controversial, but it works rather well in conjunction with the lower rate tax on landfilling of inert materials, which is sometimes a controversial view. That shows what a primary resource tax could, in principle, achieve. The reality, of course, is that there are very few primary resource taxes in existence for anything other than aggregates and minerals that are not moved very far in the whole EU or, indeed, outside. Once materials and products start to move across borders, although we would, ideally, tax something to do with their nature—maybe their primary materials content—things become more difficult to track, although I personally think it is a project we should almost be starting to consider today, with a view to it perhaps coming to fruition in 10 years' time.

As to the other alternative, I think Mr Lee's suggestion on the VAT is a good one. Other countries have looked at having packaging taxes—differentiated, for example, according to the primary and secondary content. The Danish tax—which, interestingly, has recently been abolished—had some elements of that in its design. I would like to see greater use of those fiscal instruments as well, and this is one of those issues where the principle is spot on, but the realities in terms of trade laws, single market legislation and so on sometimes make things rather more difficult than we would like them to be.

Q185 Mrs Spelman: As another way of coming at this to encourage more reuse and recycling, what do you think about banning raw materials from landfills? DEFRA consulted on textiles and wood, and I know the LGA has a view about those resources. The Scottish Government intend to ban organic waste from landfill by 2016. What do you think about that approach to increased reuse and recycling?

Clyde Loakes: From the LGA's perspective, we are very keen to see that happen. We think it would almost contribute to, and stimulate, a response from the market to developing the technologies needed to deal with that. As you know, one of my big bugbears has always been mattresses, and we are looking, for example, at a project with the London Waste and Recycling Board where we will be able to take a huge amount of mattresses from local councils, housing associations and hotels in London and look at a better way of using the materials, rather than just shoving them in an incinerator—they have a high calorific value.

Q186 Chair: They are recycling mattresses in my constituency.

Clyde Loakes: Again, it is not broad-brush, but there should be a market. Carpets is another clear example. These are materials that there should be a response to, and maybe there are responses, but some of the technologies and the ways we reclaim have not always been particularly pleasant or helpful. I think banning things—particularly organic waste—from landfills is just a matter of time. It is an obvious one; it is obscene that we are sending organic matter to landfill when there are tried and tested responses. It also helps get people more engaged if there is no longer that solution; if you shut that solution off to them, they need to be doing more on their doorstep, and industry needs to be coming up with the infrastructure to deliver, if it is going to win the contracts for a particular council, for example.

Q187 Mrs Spelman: Would the others like to comment on extended bans?

Steve Lee: Yes, I would. We responded to the 2010 consultation; we said that we are not intrinsically opposed to landfill bans. In fact, we already have some that are particularly successful, like the landfill bans on liquids and tyres—a little more difficult to control. We think this will be the direction of travel in the European Commission, probably with the Parliament—let’s wait and see how the proposals are accepted. As I say, our members are not intrinsically opposed to landfill bans. We would need to be clear how they would be operated, measured and enforced. We would need a lead time to make sure that the right controls and measures were in place. We would probably need an even bigger lead time to make sure that the appropriate services and infrastructure were in place, because banning things from landfill is not enough; you have to have a clear idea of where you are pushing these materials. The lead time on infrastructure for a relatively simple technology could be two to five years; for a rather more contentious technology, it could be 10 or even more years. Those lead times have to be built in, but we are not opposed to landfill bans at all.

Dominic Hogg: We think it is much more difficult than people think, and we keep hearing, particularly around the circular economy, “Oh, look; we are throwing away x million, x billion, of this metal, and it is in there. So, solution: landfill ban.” My experience of talking to a lot of people who are recommending landfill bans is what they are saying is “We want to see more of it recycled or reused”, or what have you; but the landfill ban, for me, is not the right instrument, particularly if the material is something that is routinely found as part of a larger aggregation of mixed refuse. So to do it for something like aluminium cans or for plastic bottles would be almost impossible, or, at least, only to the extent that you were effectively banning all of mixed waste; because there would be some plastic, there would be some aluminium cans in there. It would be incredibly difficult to spot.

The statistic at the moment in England is that 39% of all of the unrecycled waste from the local authority side is already not going to landfills; so what is going to be the effect on recycling and reuse in those authorities? I always like to use the example, when I am speaking in Europe on this, of Denmark. When people say, “Oh, let’s have a landfill ban,” I say, “Well, what’s that going to do in Denmark, where the recycling rate is about 27% and literally everything else is incinerated?” So a landfill ban would have no impact whatsoever on recycling and reuse in that country, because it is not going there in the first place.

So what are the instruments that get the recycling and the reuse up? In my view, if you want to recycle you do what the Scots do, and you say “We are going to require

businesses to sort x, y, z and we are going to require them to do that by a certain date.” If we want to encourage more reuse, I suspect that another mechanism is to extend the scope of producer responsibility mechanisms that we have in place. In principle, in my naive view of the world, for everything other than food—and even that, you probably could design something—and garden waste, you can probably have a producer responsibility measure. Those producer responsibility measures could be coupled to things such as—there has been a lot of discussion about supply chains, and I know in an earlier session there was a discussion about the role of voluntary agreements.

Voluntary agreements are really interesting, I think, where so much of the supply chain is not in this country, for products, and where we are trying to reach overseas. We cannot set policy in other countries, so we are almost reliant upon those whose supply chains reach into those countries to try to take those messages overseas. So I think that is where those instruments, in my view, really come into their own; and they are doing so in textiles, and so forth, as we know.

Q188 Simon Wright: I would like to highlight a reference in Councillor Loakes’s evidence, which mentions the development of a standard by WRAP for reuse, and reuse groups. I wonder what benefits you think this will have, in terms of supporting the market for reuse products; but also are there any risks around the development of a standard that you would want to highlight?

Clyde Loakes: I think one of the things that led us to do the reuse report was the fact that actually so many people are doing reuse now, but they largely do not know it: whether they are buying off eBay or Gumtree, that is reuse; or they still go to the second-hand charity shop—that is reuse; or they give it to their grown up children for their new home. That is all reuse; so we wanted to put something down that said lots of people are doing it, but there is lots more that we can do.

We also wanted to break some of the stigmas, still, that exist around people taking second-hand goods, or refurbished goods, whatever particular language you want to use. We thought of all the tools that would be really useful, and we took evidence from some of the big second-hand charity shop players and some of the third sector organisations that are active in this particular sphere of the circular economy. One of the things that they said would be useful for them was some sort of standard mark. So whether you go into a restorer in Tottenham, for example, or you go into a furniture network shop down in the south-west, actually there is a standard that is common, and that says that product has been certified, has been looked at by professionals, is an appropriate item to purchase and will have a life to it. That is one reason why people still do not go and purchase a second-hand good: they do not believe that it is legitimate in many respects or that it will have any kind of quality life left to it. When so many goods are being churned out so cheaply by other players, their value is decreasing all the time. People will make a decision on whether they are going to spend 20 quid in a British Heart Foundation charity shop for a telly or pay 40 quid in Argos for a telly. That difference is increasingly marginal, so one thing that would help them to make a better decision would be that kind of quality mark on the product.

Q189 Simon Wright: Are there any risks or downsides?

Clyde Loakes: Not that have been brought to our attention, but again, what we wanted to do by putting that report out there was to stimulate a big debate around reuse and the fact that although so many people do it, you could do so much more with regard to reuse. Putting something in the bin as you are going out to work first thing in the morning should not be your first port of call. Find out where a WEEE bank is. Find out where your local charity shop is. Stick it on eBay and make some money out of it yourself, or give it to your son and daughter-in-law. Just make sure you think about those opportunities.

One thing that local government has done in response to some of the Government's welfare reforms, for example in relation to the social fund, is to encourage reuse items to be the items put on offer for furnishing new properties for people who would traditionally have gone to the social fund and got a new fridge-freezer. A lot of local government now, because things are localised, is sourcing from reuse chains and networks and is driving that economy quite significantly in many local authority areas. In some respects, that is a good outcome for a Government policy that many probably do not agree with wholeheartedly. From a circular economy perspective, there is a relatively good outcome from that.

Steve Lee: It is hard to add to what Councillor Loakes has said, which is not unusual, but we believe that a standard would be good. It is about confidence. People need to be able to believe that they are getting a good product, a safe product and one that is going to be value for money if they go for reuse, and the standard should underpin that. I do not see eBay users lurching towards a standard saying "I've checked this appliance before selling it," but for social enterprises and other organisations actively engaged in putting products forward into a second or third life, we think the standard will do good.

You asked about risk. It is very difficult to see a downside to the standard, with the exception that employment and skills and adherence to standards do cost money, and we would not want people who are adhering to a standard to be at a disadvantage compared with those who aren't, but that is about the only downside I can think of.

The only way I can add to what Councillor Loakes has said is to say that apart from a standard, I can think of two other things that are really important to incentivising reuse. The first is design. Too many products are not designed with any second or third life in mind, even to the extent that it is impossible to replace a broken fuse in an otherwise perfectly good and fairly valuable piece of equipment. The second thing is access to feedstock for reuse. Very often, these materials are coming in through private sector waste contractors, not even directly through the local authorities. Social enterprises and the third sector generally are the ones who want to get access to these potentially resaleable materials, and just in the last 12 months we have seen a rapid growth in the conversation between those social enterprises, public sector and private sector, to try to stimulate that access to materials. So the issues are design, access and confidence in what has been placed in the market.

Clyde Loakes: Would you mind if I add to that? For example, in Waltham Forest, my own borough, the private contractor who deals with our waste has subcontracted to a third sector player to clear out voids in our housing stock. They take out, in the less complex void scenarios, all the furniture and electrical goods that are left and then they put them into the reuse network. They are offered, on a first come, first served basis, to the people who will be going into those voids. Lots of people put that question—"How can a private sector contractor subcontract to a third sector organisation for a waste contract?"—but there are

ways and means of doing it if you really want to do it. Again, it is about exposure to some different ways of working and some good examples of how we can underpin this circular economy, particularly in the reuse network, where the third sector is really active and probably one of the main players, as opposed to the private sector.

Q190 Simon Wright: Are there any other steps that have not already come up during the course of the discussions that Government could be taking to encourage reuse?

Dominic Hogg: A number of countries do have re-use targets. We did look at this in the context of the EU27, but it is extremely difficult to do across the EU27, partly for the reasons that Mr Lee was explaining, that the data are either not there or completely non-comparable. However, there is some mileage for setting a target in this country. We have got some reasonably good data now and we have a feel for—shall I say—the nature of the material that is coming out into this area. We have to be careful, because one gets into all sorts of issues about what re-use is and what is technically preparation for re-use. Do we really want to be talking about everything that is traded on eBay and goes into vintage clothing shops or what have you? I suspect not. We are probably looking more at the preparation for re-use side, the formal definition for which would be, broadly speaking, when a material has been discarded we are trying to re-use. We could set ourselves some targets. It would start things just moving in the right direction, but, as ever with targets, some caution is to be exercised.

Clyde Loakes: I broadly agree with Dominic on vintage clothing and such like, but if it is keeping it out of the bin and out of landfill, it is a form of re-use, but it is also buying in acceptance of re-use from a wider part of the population. That is why being able to have conversations with residents on how they relate to things, rather than on how the industry or the geeks relate to things—I include myself as a geek, before I cause offence to anyone—is really important. Too often we talk about these environmental matters very much from the informed perspective, rather than how the residents would view these things. That is why talking to them through eBay, as a concept, is in all sorts of different ways really important.

Coming back to your point, we can encourage more retailer take-back schemes—there are some real success stories there. How some of those have linked with third sector players to get items back into the economy and into households is really good, but we are not making enough of that. We do not encourage enough of those big players to talk about doing that. From councils' perspective, it is how we collect bulky waste or even how we deal with fly-tips in some respects. We are still very much, “We’ll pick it up at some point this week from your front garden,” rather than, “We’ll come and pick it up and take it out of your lounge”—if it is a sofa and if you tell us you think it still has some years’ worth of life in it—instead of it being left out in the front garden where it gets rained on and is then no use to anyone. There are still some ways in which we can shape some of our services, from the local government perspective, that could really help re-use.

Steve Lee: You specifically asked about what Government could do. I am sorry to sound like a broken record, but it is data, measurement, reporting—we need to bang a peg in the ground to measure ourselves against. Are we moving in the right direction? If not, why not? If not, what could be done about it?

The second thing is that we tend to concentrate on re-use as being post-consumer—"I have owned this. I have now finished my use of this. I am prepared to offer it for someone else to use". Government, manufacturers and retailers need to look at business models where the consumer does not necessarily need to own the product, but to see it more as a service. Government need to work with manufacturers, retailers and offerers of services to see how they might incentivise those sorts of new business models. I am so old that I can remember the days when we had never owned a television. We rented one—Radio Rentals. We never dreamt of owning a television. I now own a television. I am not quite sure why I own a television, but I do. I might be much better off purchasing an internet and televisual service because I might want that to be upgraded in 12 months' time. I might want something better in 24 months' time. We need the Government to look at how it will incentivise people like me not necessarily having to own the product.

Chair: Talking about Government incentivising, let us move to our last question.

Q191 Peter Aldous: My question has already been answered very clearly throughout this session and was to what extent the UK Government is taking a lead on the circular economy. I think we could say, in summary, that it could do better. I shall move on and ask you what role you want the UK Government to perform as we move forward?

Steve Lee: I will be very quick. More please, because there is some good stuff being done. Clear communication from Government because it is not clear. And something that we have not talked about yet: stimulation of the market end for circular economy materials. CIWM believes that that needs to be planned and delivered on a much bigger than local level. We think that the regional scale planning in this country has been pulled backwards by the removal of regional spatial strategies, for example. We would like to see the Government re-engage with planning for resource presentation and resource use. That includes everything from heat and electricity and biogas, right through to steel, aluminium, paper, card, indium, yttrium and whatever. We would like to see a plan to use more of those resources here in the UK to our own advantage.

Q192 Chair: You referred to spatial planning. You have introduced a whole new concept into the planning system.

Steve Lee: When I talk about planning I am not really talking about development control, permissions for individual proposals that come forward—

Q193 Chair: Can I just check on that? You are not talking about, for example, a brownfield development where you might demolish, as with the Olympics. You are not talking about planning conditions and making use of the material that is on site and reusing it.

Steve Lee: I do not want to give you the impression that I do not believe in that because I do, but I am talking about the link between real economic development at a regional level with the clear idea of where secondary materials arise, to what quantity and quality, and how they could be viewed as a feedstock to other businesses to the general benefit of economic development.

Clyde Loakes: The role for Government specifically is to ensure that there is the official working of the markets in recycling. It needs to look at how it rebalances the costs

between producers and taxpayers. The packaging recovery note system, which I alluded to earlier, where councils are subsidising their collection and disposal of packaging to the tune of £550 million when the PRN system brings in less than £100 million, none of which comes to the local government, is a little bit of an odd thing to have in this day and age if we are taking these issues seriously.

Local government is trusted. It is the most trusted part of the public sector. It has proved that it can deliver on this agenda repeatedly, even with tough constraints put on its budgets. It wants to continue to contribute in this area because it sees it as an area of growth for the economy. It sees there are good jobs and that there are good environmental reasons why it wants to be a party to this. But it simply needs some of those resources coming back to it which it helps the Government collect, whether through landfill tax or the PRN, so that it can invest in the infrastructure and start creating some of those interventions and responses that will make us a European leader on this agenda instead of talking about bin collection frequencies. That is the lowest common denominator where we always seem to be when it comes to councils, recycling and waste. It always come back to bin collection frequencies and some of the anecdotes that Steve referred to earlier and the sloppy contents of sloppy bins and such like. We have demonstrated we can deliver and we want to continue to deliver, but our ambition is that England, the UK, becomes a leader in this area not just a follower. A reluctant follower is how some Government Departments quite often want to portray us.

Dominic Hogg: Going back to first principles with a circular economy, I think that business is getting it this time round because commodity prices are high. It may well be that commodity prices do not stay high. They are still low over a 150-year time view; they are not so low over a 50-year time view.

If you look at the reports we have done—and we have mentioned this in evidence—many of the policy recommendations are about getting prices right, so they are about the fiscal instruments that we spoke about earlier. The rest is more about exhorting industry to look more closely at new business models.

We have an industrial strategy in the country. We have looked at these eight great technologies. Certainly where I live, in our local enterprise partnership we have identified a range of key industries to our region. I live in Bristol so it is aerospace, advanced engineering and design—the creative industries. They are key industries and low carbon.

We want to embed the circular economy in the thinking of our local enterprise partnership, because we want to raise the profile. We have the National Composites Centre: what is going to happen if composites really take off in future? How will we get them back? How will we recycle them? What will we do with the material? We are very interested in that. We would like to try to take the opportunity to lead in the reprocessing side and use it as a way to rejuvenate our economy and secure the future success of those sectors that we are saying are crucial to our region's economy.

Perhaps Government can also look at that in the context of those regional and local enterprise partnerships to try to stimulate some of that activity.

Q194 Peter Aldous: That was very helpful. You have picked up on my final question about the role of the waste industry. Is it doing enough to lead on the transition to zero waste?

If I picked it up properly, a few minutes ago you said that you felt that the business sector did not compare favourably with the voluntary sector. But from what you have just said it appears it is doing its bit.

Dominic Hogg: I used to work in commodity markets and price forecasting, which is obviously fiendishly difficult. In a sense everybody is doing that around the circular economy at the moment. People are betting to some extent that commodity prices are going to stay high and potentially go higher. I would say that is almost the precondition for them likely to go lower.

The interesting thing about that is that if you looked 20 years forward and said that commodity prices were going to increase in real terms continuously, for people to get back the material in the way that they wanted it, given that the material we are using is getting more complex with complex alloys of steels and composite materials and we will see more of those coming into the waste stream and resource stream in future, we will see naturally much more closing of those loops and more systems that look a little more like take-back systems.

The future of the waste industry within that looks quite interesting, because it is going to have to adapt. Because if that happens, arguably those people with an interest in making use of those raw materials will start to integrate more backward into the waste industry. To put it another way, they will look for more circular business models within their own enterprise.

Q195 Peter Aldous: Are there any other comments from Councillor Loakes or Mr Lee about the role of the private sector?

Steve Lee: Yes, clearly I would like to speak to this one. I would like to thank the Committee for not asking me when the Chartered Institution of Wastes Management is going to change its name. That is one of the most frequent questions that I face these days. That is because our industry has moved further than any of us could have imagined in about 15 years. When I came into the industry my job was to find where we would landfill next. “Find me a railway cutting, Mr Lee, we need to landfill.” Not, “Why are we going to landfill?” or “How are we going to landfill?”, but “Where and how do we make it as acceptable as possible?”. Now we are the resources industry, our purpose is not to get rid of waste as quickly, cheaply and invisibly as possible. It is to keep resources working and to put wastes back to work.

We are starting to open up discussions now that I never dreamt we would have. I never even met a designer until a couple of years ago and now we are talking to the industry that designs things because at the end of their life we are going to have to take them apart and put them back to work again. We are talking to retailers, to manufacturers, to the reprocessors, to the whole circular economy cycle about how we keep this stuff at work. That is so radically different from where we were 15 years ago. Are we doing a great job? We are doing a better job, but we would like to do more. We can do more with Government support and we can do more without Government support by talking to other partners around the cycle.

Q196 Peter Aldous: Councillor Loakes, final word?

Clyde Loakes: As more of a concluding comment, I think there are a lot of people with a lot of roles to play, whether it is local authorities, Government, organisations such as the Chartered Institution of Wastes Management or some third sector organisations. Our residents and consumers are also key in making this work. Everyone has a distinct role to play and some could play a greater role in that. The narrative has to be pitched right so that people understand what they can do and contribute in doing. We can talk like we have been talking, but most people out there would still not really know what they were doing. We have to continue to make it simpler for people to participate. The issue around design is increasingly crucial. We don't repair things anymore. That is fundamental. My generation remembers when you would have a repair shop for so many household goods down your high street. You would pop in with something and then collect it three or four days later and it would have been repaired. Things aren't even made to be repaired anymore. At best you can cannibalise them and take out some recyclates. But it is those kinds of deliberations around this that we really need to have and we really need to put to the fore.

I believe that there is a willing—a growing willing—to do that, and a necessity, to be frank. I want to see our ambition rise and get to that place rather than just being a reluctant follower, which is so often how this country and the UK is portrayed on these particular agendas.

Q197 Chair: I want to flag up one small issue. In a way, the work that our Committee does is cross-cutting and we have other reports that connect into this one. We recently did a report on biodiversity and overseas territories. One of the issues that came up was waste. Is that something that is on your radar? That need to mentor, link or partner with colleagues in overseas territories where the UK still has a commitment to biodiversity.

Dominic Hogg: I think some of Mr Lee's colleagues as well as us have been working with UKTI in changing and revamping a brochure that they have to sell, as it were, the UK waste and resources expertise to overseas countries. I would say that there has been a shift in the perspective that we have tried to put in place there. We are certainly selling the UK's offering much more as one of selling the ability to deliver locally adapted solutions. The interesting thing about our industry is that there is not an enormous amount of indigenous technology here. What we have done very cleverly, as a waste sector, is to adapt that and the engineering expertise we have has helped us to do that very well. In terms of biodiversity, I cannot comment on the—

Chair: I was just looking at the hope that there might be links and synergies with some of the overseas territories in terms of their own waste management. But I need to leave it there, because we have come to the end of our session. I thank each of you for coming along. We will be continuing this discussion later today, with the European Commissioner. Thank you.