

Environmental Audit Committee

Oral evidence: [Disposable Packaging: Coffee Cups and Plastic Bottles](#), HC 161

Tuesday 10 October 2017

Ordered by the House of Commons to be published on 10 October 2017.

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Members present: Mary Creagh (Chair); Zac Goldsmith; Caroline Lucas; Anna McMorrin; John McNally; Dr Matthew Offord.

Questions 1 - 161

Witnesses

I: Richard McIlwain, Deputy Chief Executive, Keep Britain Tidy, Gavin Ellis, Co-founder, Hubbub Foundation UK, and Professor Wouter Poortinga, Professor of Environmental Psychology, Welsh School of Architecture.

II: Oliver Rosevear, Energy and Environment Manager, Costa Coffee, Martin Kersh, Executive Director, Foodservice Packaging Association, Neil Whittall, Chair, the Paper Cup Recovery and Recycling Group, and Martin Myerscough, Founder and Chief Executive Officer, Frugalpac.

Written evidence from witnesses:

- [Keep Britain Tidy](#)
- [Hubbub Foundation UK](#)
- [Professor Wouter Poortinga](#)
- [Costa Coffee](#)
- [Foodservice Packaging Association](#)
- [Paper Cup Recovery and Recycling Group](#)
- [Frugalpac](#)

Examination of witnesses

Witnesses: Richard McIlwain, Gavin Ellis and Professor Wouter Poortinga.

Q1 Chair: I declare the meeting open and welcome our three guests this morning, our witnesses. From right to left we have Richard McIlwain from Keep Britain Tidy, Professor Wouter Poortinga, Professor of Environmental Psychology from the Welsh School of Architecture at Cardiff University, and I hope I pronounced that correctly. My Dutch isn't too hot. Can we have all mobile phones switched to silent, please? Also Gavin Ellis, Co-Founder of Hubbub Campaigning Environmental Charity. Thank you all for being with us here today.

Can I begin by asking about the nature and scale of the problem? In 2011 we were told that 2.5 billion cups were being thrown away annually. There has been a massive proliferation in coffee shops over the last 15, 20 years, what is that figure likely to be today? Does anyone have any update for us?

Richard McIlwain: No, is the honest answer. Two and half billion is the figure that we still use but, you are right, there has been a significant increase in coffee shops and outlets since that time, so it may well be that figure is higher but we don't have evidence to say for definite.

Q2 Chair: No one has anything to add to that. The consumer forecast is that the number of coffee shops in the UK is going to increase from 20,000 to 30,000 by 2025 so, if we add that together, we are going to be well in excess of 3 billion coffee cups disposed of every year. We know that only 1% of these coffee cups are recycled. Why is that? Who wants to go first? Wouter?

Professor Poortinga: It is often said that it is the on-the-go nature of coffee drinking, which is the problem. I think it is one of the biggest factors in the low recycling rates. It is very convenient, as we all know. We go to a coffee shop. We buy our coffee in a disposable cup. We drink it on the way, walking to work, and we dispose of it, and there is no practical or convenient way of recycling it at the moment.

Q3 Chair: The coffee shops have been duping us, haven't they, with their Möbius loop? I know they have the Keep Britain Tidy logo on but you do have a feeling that it is; it is technically recyclable, isn't it?

Professor Poortinga: Technically it is recyclable. There is the Simply Cups—I believe it is called—where the PE, polyethylene, can be removed from the paper cups but then you have to get it into the right waste streams and, at the moment, it is not really possible when you are walking along the street. You have just drunk your coffee and you want to dispose of it.

Gavin Ellis: You mentioned the Möbius loop, so that means it is recyclable. Technically it is recyclable, and we have proved that through a



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few of the campaigns that we have run. Most consumers would look at that and think that if they put that in their mixed recycling bin, let's say, on the street, that it will get recycled. That is likely not to be the case.

Q4 Chair: A toothbrush is recyclable. It is hard plastic and soft plastic, but none of them are ever recycled. These coffee shops have a big responsibility, under producer responsibility obligations, to provide disposal facilities. They are in breach of them, aren't they?

Professor Poortinga: Could you repeat the question?

Chair: The law of the land is that people who have more than £2 million of turnover, who have producer responsibility obligations, who produce or use cups or any other products, have a duty to recycle them and they are not doing it, are they?

Professor Poortinga: The industry has made efforts to try to recycle coffee cups but, considering that at the moment only 1% of the coffee cups are being recycled, it is my personal opinion that not enough is done. There are a number of very good initiatives—and we will hear about them here today—but much more needs to be done.

Gavin Ellis: A lot of the focus has been on recycling cups in-store, but the very nature of on-the-go coffee is that most cups aren't disposed of in the store. They are disposed of either out in the street or, what we found through a lot of our work, they are disposed of at work. Some morning commuters will buy a cup on their way out of the station or out of the Tube and it will end up at work and often get disposed of at work.

Q5 John McNally: Following on from Mary's questions there, there are only two recycling facilities in the UK with the technical capability to recycle these coffee cups. Why do coffee cups require this specialist processing? I think we all know exactly what you have said there, that we are all probably guilty of buying it somewhere and walking with it and then leaving it somewhere else. We all need to become a bit more mindful of that, but can you explain a bit more why the coffee cup requires specialist processing?

Richard McIlwain: It is because there is a very tightly bonded polyethylene liner that prevents the cup from basically soaking up the contents of the liquid. Because that is tightly bonded it is quite challenging to remove it in a normal paper mill process, is my understanding. For that reason, it can either contaminate the paper stream or it can slow the paper stream down in terms of having to operate a slower process to recover that polyethylene liner. For that reason, paper mills don't like to accept them. They would want paper and card without that plastic liner.

Q6 John McNally: So the coffee cups are more difficult to separate from the outside to the inner, is that what you are saying?

Richard McIlwain: Yes.



Q7 John McNally: What logistical challenges does this pose in terms of collection and transportation of these cups?

Gavin Ellis: There are only a few mills that can do it in the UK, so if you are transporting material around the country to be recycled that begs the question of whether—in environmental terms—there is any real benefit in doing that.

Professor Poortinga: Also, if you look at it from a consumer perspective, what are you to do with the coffee cups? You go to a coffee shop. You buy a coffee cup. How can you dispose of it? The only way of getting it into the right waste stream is to return it to the coffee shop, but that defeats the purpose of the on-the-go use of coffee cups.

Q8 John McNally: That is very interesting. The notes in the preparation said that there are up to seven stakeholders involved in this: the retailers, the consumers, the waste collectors, waste separators and recycling facilities. Essentially, which element of this process do you think requires the most change or expansion to encourage coffee cup recycling? Where should we break this up to get people to become more aware of where to put these cups? We are trying to break the cycle. Everywhere you go you see it. Every morning you walk along the streets in London and your own home town and this is what you see. It has become a phenomenon.

Richard McIlwain: There are an increasing number of collection points in-store but at the moment you can't put them into on-street recycling. On-street recycling operated by local authorities is often quite heavily contaminated as well. We do a lot of work with local authorities and that is the feedback that we get. So, even if you use on street recycling bins where the cups will be recyclable, there are challenges there.

It might be interesting also to look it the other way around and say, rather than looking at how the industry can adapt to take the cup, can we redesign the cup such that it could take its place in the industry as it stands at the moment? I know there are trials of different cups without the PE liner out there but I don't know the success or otherwise of some of those.

Gavin Ellis: I would echo that. In that list of stakeholders the one that is missing there is local authorities, because they are the ones often picking up the bill for this and their on-street recycling is highly contaminated, often by coffee cups. So I would not forget local authorities and their role in this as well.

Q9 Anna McMorris: Turning back to the consumer and consumer confusion, we have seen that the majority of consumers believe their disposable coffee cups are being recycled. Nine in 10 are mistakenly putting their disposal cups in recycling bins, as we have discussed, and less than 1% being recycled. Going back to the label on that, do you think more can be done to help consumers make those informed decisions about how they are not being recycled?



Gavin Ellis: It is not specifically about the label but what we did as part of the Square Mile Challenge Campaign that we ran in the City of London in April, which was right across the City of London, was a communications campaign as well as introducing new bins. A communications campaign with consistent messaging and branding across all of the retailers, from the City of London to the local authority, on social media, on the media, there was consistent messaging.

What we found with the people that we interviewed in April was that, at the start of the campaign 74% were unaware of the issue and by the end of that month it was 67%. We managed to make quite a significant improvement just in a month. That was because of consistent messaging about where you should recycle your cup.

Q10 **Anna McMorris:** That is about educating the consumer, isn't it? Do you think it should actually be looking at the label so that recycling labels are only put on those products that can be widely recycled?

Richard McIlwain: There is a degree of confusion. I know there was a recent report from one of the large waste management companies, Viridor, which suggested that only 16% of the public are highly likely to understand recycling labels that are on there.

With coffee cups as well, there has been some confusion often where the cardboard sleeve is recyclable and may have a recyclable symbol on it, and people interpret that then as the whole cup being recyclable. There probably is some work to do on labelling but, to echo Gavin's point, it is more about: can we create a more consistent mechanism—coming back to the stakeholder chain—around how we recycle cups? Once we have a more consistent mechanism the process of explanation and education is very much more straightforward than we have now with a very complex picture.

Q11 **Anna McMorris:** It is very misleading at the moment because, as you say, we have the label on the cupboard part of it but in fact, as we have heard, the majority of recycling machines cannot cope with that. Do you think clearer labels might have an impact? What do you think the Government and the industry are doing? Are they doing enough at the moment to educate consumers?

Professor Poortinga: Clearer labelling, of course, will help and it does not only mean that you label what can be recycled but that you also label what cannot be recycled. There is a clear demand for that from consumers because consumers always express this confusion about what to do with paper cups. If you refer to it as "paper cups" that suggests that they are environmentally friendly and that they can be recycled via the usual household municipal recycling.

We may also go off on tangent a little bit here because by better labelling that doesn't mean that recycling rates will go up. At the moment we are



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still at 1% and if you have better labelling that does not mean that people suddenly will recycle in the right way.

- Q12 **Caroline Lucas:** I want to move on to the issue of reusable cups, because it seems to me that environmentally would be the best thing if we could get to that point. I know that some coffee shops do offer incentives to people who bring a reusable cup but uptake stands at only around 2%. I wonder what you thought could be done to incentivise consumers to take advantage of those kinds of offers. What is the problem? Why are only 2% of people doing that?

Gavin Ellis: First, I would say that there is a difference between offering something and actively pushing and promoting it. That is my first point.

- Q13 **Chair:** Would you like to expand on that?

Gavin Ellis: My own experience in certain coffee shops is that I know, because I work in the industry, that the offer exists.

Chair: You are part of the recycling elite.

Gavin Ellis: But you would not necessarily know it if you weren't part of the recycling elite, yes, exactly.

Chair: Which we all are, obviously.

Richard McIlwain: I would also say this. There is good work going on from Costa and Starbucks and others in offering that discount. We did some work. We polled 2,000 people in a YouGov survey to look at what additional they would be willing to pay to continue using a disposable cup, as opposed to having to take their refillable cup. What is interesting is you get some responses around 5 pence and 10 pence and you get a series of responses to 50 pence, then after that you get very few people who would be willing to pay anything over 50 pence. It warrants further work but it suggests that there is a price point in people's heads at which there may be a trigger, such that it becomes beneficial to bring a refillable cup.

- Q14 **Caroline Lucas:** Are you saying that has to be somewhere closer to 50 pence? Is that what you are saying? That is a lot.

Richard McIlwain: It is a YouGov survey. That is a lot but that is some of the feedback we have had that shows that once you get to 50 pence and beyond very, very few people are willing to pay that differential to carry on using a disposable cup. That is one survey. I am not suggesting that is the way forward but it is certainly worthy in terms of the financial triggers in people's heads.

I echo the point that Gavin says, we know about these offers but I think you could talk to people on the street and they probably wouldn't. That possibly comes down to the whole idea of consistency across the board, from the point of view of the cups being recyclable to consistent rebate



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schemes or loss schemes. We have done some work looking at whether a rebate or an increase in charge drives behaviour more strongly.

Professor Poortinga: We did a field experiment last year, together with the various coffee companies where we looked at easily implementable measures and whether they could promote the use of reusables. We looked at very easy measures that every coffee shop or café could take themselves. It was about environmental messaging, it was about providing reusables for lower price or for free, and we also looked at the difference between a charge and a discount.

Now, a charge was not a charge on top of the price of the coffee, it was after a discount of the coffee. So let's say the price structure was exactly the same.

Q15 **Chair:** Can you explain that slowly?

Professor Poortinga: Right. So you can have a coffee for £2 and offer a discount of 20 pence for bringing your own cup or you can have the price of coffee at £1.80 and then charge 20 pence for using a reusable cup. In our study, depending on the combination of measures, we found an increase of 2% to 12%.

Q16 **Caroline Lucas:** For which one?

Chair: Bringing your own cup?

Professor Poortinga: Yes, bringing your own cup. So environmental messaging, if you only have, let's say, a very clear message in front of the till that would increase it by about 2%.

Q17 **Caroline Lucas:** I am sorry, but I still do not understand whether that was on the discount or on the charge? Which one is it?

Professor Poortinga: Right. If you are looking at the difference between the discount and the charge, then the discount did not work. So it did not have any impact on what was happening with the sales of coffee and whether it was disposable or reusable. With a charge, it was an increase of around 4%, 4.5%. It was specifically attributable to the charge.

Q18 **Chair:** Four to nine?

Professor Poortinga: 4.5.

Chair: 4.5; sorry, I did not hear that.

Q19 **Caroline Lucas:** In your research you have said that the effectiveness of such a charge is dependent on the availability of easily portable, reusable cups. So what more can be done on that side of the equation to make those reusable cups more portable?

Professor Poortinga: Yes, so I am saying that because I made a comparison with the Welsh and the English carrier bag charges on which we have done research over the past few years. People found it very easy



to adapt to that, so it was only a 5 pence charge but it had an incredible impact on plastic bag usage. I would not want to make a direct comparison between the plastic bag charge and the coffee cup charge because the situation is completely different. So, if you are talking about a similar charge for coffee cups, it would not be as effective for coffee cups as for plastic bags.

Q20 Caroline Lucas: Coffee cups are mucky, aren't they? They are going to go all over your bag and it is a mess. So what can be done to make those cups more portable?

Professor Poortinga: We are talking about the on-the-go nature of coffee drinking and that is a big problem. Although, personally, I also think that can be overstated because there are many situations where you can use reusables when you sit down to have a coffee. It is also at set times that you use your coffee, so you get to a station, you buy your coffee, you walk to work. It would be easy to adapt to that. But there are other situations where it would be more difficult.

Q21 Caroline Lucas: What about some sort of technology solution? I am imagining that once you have finished drinking your coffee you could—like in some origami way—fold it up so that you don't get coffee all over your bag. It cannot be beyond the wit of someone to design such a thing. Has that not happened somewhere?

Professor Poortinga: If we look at the material used—so let's assume that we can make a coffee cup that is recyclable—again it doesn't mean that the public will recycle it. A good comparison is plastic bottles.

Q22 Caroline Lucas: I am talking reusable. I am talking about: what do we need to do to make a reusable cup a practical proposition rather than a messy sludge at the bottom of your handbag? That is what I am asking.

Richard McIlwain: It is a good point. I don't think at the moment there is a foolproof cup. There are certainly collapsible cups. I have one but they are not ideal, I think it is fair to say. I carry a cup myself, which, yes, you end up with some of the coffee dregs at the bottom. There are systems elsewhere whereby cups can be used and returned to the store, for instance.

Q23 Caroline Lucas: I was going to ask you about that. That is in Freiberg, yes?

Richard McIlwain: Yes, that is right.

Q24 Caroline Lucas: How successful is that? That sounds like a great idea, in principle, if you get enough people signing up to it?

Richard McIlwain: It seems to be successful there and it seems to be a cross-authority approach with lots of stores signing up. I am an absolute advocate for a waste hierarchy and absolutely looking at refillable cups before we get into recycling.



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Q25 **Caroline Lucas:** Has there been any trial of that in the UK anywhere?

Richard McIlwain: Not that I am aware of, unless it is on a very local scale.

Q26 **Caroline Lucas:** If there were to be, who would be promoting it? Who did it in Freiberg, the local authority or how would you get such a thing up and running?

Richard McIlwain: I don't know exactly who instigated it in Freiburg. All I know is it had strong support from the local authorities there, in addition to business.

Caroline Lucas: I was thinking, Chair, that you could imagine some towns and cities around the country—there is a kind of competitive advantage, isn't there, in being able to present your town as being a green town or whatever—like Brighton, for example, randomly selected, if there were to be such a scheme, would be very happy to be involved.

Q27 **John McNally:** I think this morning Professor Richard Thaler—the guy that wrote about the nudge theory—has been awarded the Nobel Prize for Economics. His nudge theory is taking on. Following on from Caroline talking about behavioural instincts, do we think that behavioural instincts are only going to be so successful so far but it needs something stronger apart from the incentives that you described earlier on, whether it's a 20% discount or 50 pence, where the threat of getting charged was more effective than the discount side of it? How do you see that working, the nudge economics of it?

Gavin Ellis: It is part of the solution. I don't think it is entirely the solution. It will only work in conjunction with other things. We tested quite a lot of the nudge theory as part of the Square Mile Challenge. We introduced, for example, a series of big bright yellow coffee cup shaped bins that appeared around the City of London and we found that really effective. With the previous trial in Manchester, 1 More Shot, we did the same thing. We did quite a lot of measurement of how people interacted with it, how it changed people's awareness of the issue and whether it made them think about where they would recycle their coffee cup. The fact that it was bright, big, bold and simple in its message did help. I don't think those nudge interventions alone are—

John McNally: You need something a lot stronger.

Q28 **Caroline Lucas:** Just two more very quick things. The first is again to Professor Poortinga. Your research found that a coffee cup charge could reduce the number of disposal cups entering landfill by between 50 million and 300 million per year. That is a hell of a range. Could you explain why the range is so broad and how one could become slightly more specific?

Professor Poortinga: Yes. As I mentioned before, we had a range of easily implementable measures that we tested, including messaging and charging and discounts and so on. We found that across the different



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sites the reduction was between 2% and 12% and that is what we based those figures on.

The smaller increases was where we only had one measure. The more successful site is where had multiple measures, so where we had messaging, where we had reusable alternatives and where we either had a charge or a discount. So it is the combination of measures that were the most successful.

Q29 **Chair:** Was there a gender divide in your research? Were women more likely to reuse, recycle than men because they carry bags or—

Professor Poortinga: We could not see that in this particular study because we looked at sales and we didn't know whether it was male or female. With the plastic bag charge in England, we did research and there it was universally effective. It didn't matter whether you were young, old, male, female, high income, low income, it was equally effective.

Q30 **Chair:** Across the board, okay. I would like to turn to your trial, Gavin, if I may. You talked about your different experiments. How many more coffee cups were recycled? Can you give us the percentage figures again?

Gavin Ellis: There were two trials. There was an initial one in Manchester, called 1 More Shot, so over three months that recycled 21,000 cups from one street in Manchester. That was the initial trial. Then from April there was the Square Mile Challenge in the City of London. In one month that recycled 508,000 cups but to the end of September that is up to 2.83 million. We project that in 12 months—so by 1 April 2019—it will be more than 5 million cups.

Q31 **Chair:** A quite significant increase then. What is the percentage of sales to recycle? You can't measure that?

Gavin Ellis: Yes. Unfortunately we don't have that information. What we do have is we know how many people commute in and out of the City of London each day, which is around about 400,000 people on a week day in the City of London.

Q32 **Chair:** We don't know how many of them buy coffee, though?

Gavin Ellis: No, I don't have that information.

Q33 **Chair:** Okay. There are some flaws in your methodology, gentlemen, that for your next iteration you might need to have a think about, in terms of percentage and measurement in terms of helping with policy solutions.

Have you extrapolated out? If your Square Mile Challenge was replicated on a national scale—let's say in the top 10 or top 20 big cities—what the are maths there?

Gavin Ellis: Again, you could estimate it but it would be huge ranges.

Q34 **Chair:** Yes. But what is your range?

Gavin Ellis: I don't have that figure to hand.



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Q35 **Chair:** Could you calculate it and let us have it?

Gavin Ellis: Yes.

Chair: That would be really helpful.

Gavin Ellis: Yes, it would be a huge range. Is that for the top 10 cities?

Chair: Yes. Do it for the top 10 and the top 20. That would help inform our discussions, I think.

Gavin Ellis: Absolutely. Yes.

Q36 **Chair:** Was there less littering in your Square Mile Challenge or were there fewer contaminated cups? Did you educate people about not using their cups as a bin?

Gavin Ellis: The issues we had around contamination were that the on-street bins do get quite contaminated. They work much better in more managed spaces, so in offices, railway stations. In Manchester we did a lot with the universities and with the hospitals there. Where you have managed indoor spaces it is much better. You can put a general waste bin next to them, and we found that is much more likely to reduce contamination of the dedicated coffee bin.

Q37 **Chair:** What about the littering or did you not monitor that?

Gavin Ellis: Litter: what we did find was that the bins on the streets actually attracted litter. If they were full people would start putting them on top or just beside them so, in that sense, they are occasionally prone to attracting litter.

Q38 **Chair:** How often were they emptied? Did you have to set up a specialist recycling company to come and empty them once a week or once a month?

Gavin Ellis: That was done through the City of London.

Q39 **Chair:** Did they put on an extra collection?

Gavin Ellis: Yes, so they managed that. There were seven—

Q40 **Chair:** How much did that cost them?

Gavin Ellis: They built it into their street cleaners' daily routine, so it would be quite difficult to quantify exactly how much more it cost. I can ask them and find out.

Q41 **Chair:** Can you go back and ask them? That would be helpful as well. Basically, you had specialist bins and then a specialist, so two of those seven stakeholders were involved in that in terms of you actually changed the recycling collections or adapted it?

Gavin Ellis: Yes.

Chair: The local authority adapted it?



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Gavin Ellis: That is right. Then the other important element is that there were 35 businesses signed up to the scheme. So they had at least five—often more—bins within their offices. That was because we had done the research and we found that a lot of cups end up in the workplace. We had those 35 businesses also collecting and they still continue to collect. About 27 businesses still collect coffee cups from their offices.

Q42 **Caroline Lucas:** Are you talking about big businesses or—

Gavin Ellis: Yes, banks. They had to be 500 plus, so a lot of the big financial institutions.

Richard McIlwain: We have some research, again from the YouGov survey, which suggests people at work will use a recycling bin or a general waste bin without really thinking. Sometimes it is just a bin. We surveyed and 24% of people said they would use a recycling bin at work and 29% of people said they would use a general waste bin at work. So there is clearly a role there for coffee cups, probably in certain areas, city centres. The City of London would be a classic example, where you have a high density of business, people often popping out for coffee, often coming back to the office. Some education within those offices to have bins that segregate coffee cups, and some promotion there, would be useful if Gavin's work was to scale.

The other aspect we mentioned before was local authorities. A network of coffee cup bins on the street is good but obviously that cost—as I think you alluded to—would fall to local authorities in terms of the collection. There is a role to have a discussion around things like extended producer responsibility and say, if we think on-the-go collection of coffee cups has to be a thing, how do we support local authorities to finance that? Is there a small element of charge, for instance, that could be applied to a coffee cup that could then be hypothecated—I know the Government does not like to hypothecate money—to support local authorities, who are clearly very hard pressed at the moment struggling with ever tighter budgets.

We did some work looking at willingness to pay a charge of 5 pence if that money was used to fund better on-street recycling, and 56% of people said they would be willing in some form to accept that charge.

Q43 **Chair:** Sixty?

Richard McIlwain: Fifty-six; and 30% said they would be very willing to accept that charge. From a standing start, they are not bad percentages. It perhaps follows on from the carrier bag charge. Wouter's work has suggested that, on the back of the carrier bag charge, the public might be more willing to accept small charges if they can see a very clear benefit deriving as a result.

Q44 **Zac Goldsmith:** We know there are alternatives to the harder-to-recycle things, the vast majority of which aren't recyclable. If those alternatives exist, why aren't they being used in more coffee shops? Why aren't the



properly recyclable, the genuinely recyclable alternatives being used? Is it a design issue?

Richard McIlwain: That is a good question. I am aware of two, maybe three, instances where companies have come forward and suggested they have a solution. Frugal Cup is one. Kotkamills in Finland suggest they produce a water coated board that does the same job. What I don't know is—and it might be a question for others—why they have not yet come to fruition. People do seem to be offering solutions but, as yet, they don't seem to have come to the marketplace.

Q45 **Zac Goldsmith:** In a few minutes we will put that to some industry representatives, but what do you anticipate their answer would be? Given that there is no argument about the scale of the problem, the amount of cups that aren't recycled—the one in 400 that end up being recycled or whatever the figure is—what answer would they give? Why are they not just naturally using these alternatives, which I think most of the population would appreciate?

Gavin Ellis: I think perhaps some of it is just to do with the sheer scale of cups required every day. We get through so many cups per day that perhaps some of the examples you have in mind are still relatively small scale. I would be surprised if they could even cope with one of the major retailers, never mind all of them at the moment.

Q46 **Zac Goldsmith:** But then that is a reflection of a lack of intent. If the cup companies and manufacturers wanted to provide the alternative, whichever is the best alternative, they could do that. They could ramp things up and that could happen over a period of time. To give an example, if there was simply a ban introduced by Government, the Government said, "You have a year and then we are going to ban anything that can't be easily recycled for use as coffee cups", they would be able to come up with an alternative, surely? That is a question, not a statement.

Richard McIlwain: I think so, yes.

Q47 **Zac Goldsmith:** So they would come up with an alternative. The arguments we have heard is that recycled paper cups potentially have health risks associated with them, with the hot water interacting and releasing toxins. Is that a real concern, do you think?

Chair: I don't think it is toxins. Isn't it just collapsing the cup and spilling it?

Zac Goldsmith: Well, you tell me. My understanding is that it is the recycled paper. It is harder to know exactly what is in it because it is a whole mishmash of different products. Is that the issue or is it the fact they may collapse?

Richard McIlwain: I think there are food hygiene concerns that are expressed. I don't have any knowledge about the in-depth analysis or whether that is factually correct or not.



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Professor Poortinga: I am not a material expert but also, as I alluded to earlier, making coffee cups recyclable doesn't mean that people will recycle them. A very good example is plastic bottles, which I believe are also part of this inquiry: 57% of plastic bottles are being recycled. We use bottles at home and we use bottles on the go. The majority of the bottles at home you do recycle but a majority—or at least I will assert that—that you use on-the-go are not recycled. There would be the same issue with coffee cups if they were recyclable.

Q48 **Zac Goldsmith:** You said 57% that compares with less than 1%.

Professor Poortinga: It would be better, yes.

Q49 **Zac Goldsmith:** I am not suggesting that this is a perfect solution but it is in a different cosmos to the situation we have today. If it can be easily recycled then the numbers will go up, surely?

Richard McIlwain: I agree. Part of our work at Keep Britain Tidy is to try to give national and consistent messages that are simple for the public. You are absolutely right. If you have a cup which you can now say is recyclable, you can start to promote a very different message about where those cups should ultimately go. The take-back schemes are good, run by Costa and Starbucks. Again, that would allow you to build the promotion around those if the cup was now recyclable.

There would still be an issue with on-the-go recycling because, as I say, some local authorities don't have on-street bins because the contamination rates are so high and those that do suffer a range of contamination, so not everything that gets collected is recycled.

Q50 **Zac Goldsmith:** Can I ask one last question? I know you are not experts in materials, but if it is the case that the alternatives do exist, so you can provide a safe and reliable and fully recyclable, cheaply recyclable alternative to what is currently used, is it your view that the best way to deal with that aspect of the issue—notwithstanding the waste hierarchy that you mentioned earlier—is to take a bolder approach? Would you personally back a ban in two years or three years from now, whenever it is, that we are just not going to allow the use of coffee cups that cannot be recycled? Is that something that you would support?

Richard McIlwain: That is a good question. I don't know how the public often respond to bans as opposed to being nudged towards solutions, so I would be naturally cautious about banning something. There again, I think if you can incentivise industry to look into alternatives, bring them to market and trial and test them on the basis that, as I think I said before, before splitting the recycling industry to fit a cup that is hard to recycle as compared to finding a cup that is easy to recycle and putting that into the existing infrastructure, has to be infinitely the simpler solution. There ought to be some financial and logistical benefits to having a fully recyclable cup, I would have thought, for industry that should bring those new products to market quite quickly.



- Q51 Zac Goldsmith:** Can I press you on what you said? Just on the issue of consumer attitudes, why do you think a consumer would mind or even have a particularly strong opinion about whether or not alternatives are being used as opposed to what we have today? If it is a cup and it does the job and it's safe and it performs the role it is supposed to perform, why would that require any kind of nudge or education or approval or acceptance by consumers? It makes no difference at all except that the cup they are using can end up being recycled.

I understand with plastic bags, it is a convenience issue. People have to adjust themselves to the reality that they cannot just get a free plastic bag and then dump it. It requires a behavioural change and it seems to be a factor, but this doesn't. It is exactly same. You go to the coffee shop, you get your coffee, you drink it, you throw it away, and the likelihood is that it is going to be recycled with a different type of cup and the likelihood today is that it will not be recycled. So that it is it, it doesn't require a behavioural change.

Richard McIlwain: I think what I am saying is you could explore a ban or you could explore the economics and the logistics. If the path to bringing a fully recyclable cup to market means that the whole system is very much simpler, then that ought to be beneficial for business without needing to bring in a ban anyway. I am not sure; I don't know how fully that whole mechanism has been explored.

- Q52 Zac Goldsmith:** My question was "If." There are question marks about the recycling of paper. So I am saying, on the assumption that these alternatives do exist and they can work and they are not massively more expensive and they can do the job, if that is the case why would you not simply mandate that you can no longer use cups that cannot be recycled? That was the point of the question.

Just a final point then—picking up again on what you said—if you were to move to a system where the cups were easily recyclable, and we didn't have this dual system where you have to peel off the plastic and prepare them in the way that you described, that presumably would make the whole recycling process a lot cheaper as well. It would save money presumably.

Richard McIlwain: I would assume so, yes, because they could just go through the normal paper mill channels. You would not need to send them to specialist mills. You would open up avenues for any paper mill effectively to accept those cups.

- Q53 Anna McMorris:** France are looking at bringing in a ban by 2020, an incremental ban on that, so it is going to happen in a neighbouring country where we can learn from and where we can look at introducing similar manufacturing processes here, changing the industry if that is where we go. Just picking up on what Zac was saying, though, do you think that an outright ban or a tax is going to be better in terms of behavioural change?



Professor Poortinga: It is always difficult to compare a ban to, let's say, a different one because with a ban it is not possible to perform that behaviour any more. But we have seen with the carrier bag charges that it was incredibly effective. So an 85% reduction in the first six months, that is a very big change.

I don't think it would work the same here but, on the other hand, the difficulty here is because it is being used on-the-go and the challenge is to get it into the right waste stream. I do think that charges and, for example, a possible return scheme could be part of the solution. So let's say a combination of better materials and an incentive scheme would probably work.

Q54 **Anna McMorris:** Do you think extended producer responsibility needs to play a part?

Professor Poortinga: In my opinion, yes.

Gavin Ellis: Yes.

Richard McIlwain: Coming back to the local authorities, if you had a small charge on a cup and that was to support a much better, enhanced recycling infrastructure that supported the local authority with the collection, for instance, then that could work. The alternative is, if you were to really ramp up the in-store collections so that they were coming back to store—picking up on Wouter's point—you would probably have to think about how you incentivised that because the practical realities from our experience, in terms of littering and waste, the science of heuristics suggests people always take shortcuts. It is easier to leave it on a park bench or a ledge or something and then walk away, disassociate yourself from it, as opposed to perhaps walking back to a Costa or a Starbucks and placing the coffee cup there. So how might you incentivise that mechanism to encourage people to bring it back to the store, which might negate the need for on-street recycling bins? There is some work in to do in that whole area.

Q55 **Anna McMorris:** One final point: the Welsh Government brought in the ban on plastic bags in 2011; they have a statutory recycling target by 2025 of 70%, the only administration in the UK to do that. It is now looking at extended producer responsibility research and a route map towards more resource efficiency and that type of economy. Are you working with the Welsh Government on this research and development?

Gavin Ellis: Not currently, no.

Richard McIlwain: No, but we admire it from afar, I think it is fair to say.

Q56 **Anna McMorris:** I know Nomura are working on that research.

Richard McIlwain: Indeed. What we perhaps lack in England is a similar waste and resources strategy that sets targets and milestones, not just



for recycling but also for prevention and reuse. Both Wales and Scotland have more ambitious policy than England. If there is a broader role for Government, beyond coffee cups or plastic bottles, it is more about creating that framework for future waste and resource use in England.

Q57 **Chair:** Professor Poortinga, are you involved in that?

Professor Poortinga: Currently, we are not but we are in discussions.

Chair: Okay. Good to know. Thank you all very much indeed. We are going to take a quick two-minute break while we change our guest around. Thank you very much indeed.

Examination of witnesses

Witnesses: Oliver Rosevear, Martin Kersh, Neil Whittall and Martin Myerscough.

Q58 **Chair:** The meeting is reconvened. Welcome to our second panel of witnesses. From left to right we have Oliver Rosevear from Costa Coffee, Martin Kersh from the Foodservice Packaging Association, Neil Whittall from The Paper Cup Recovery and Recycling Group, and Martin Myerscough from Frugalpac. Good to see you all here this morning, gentlemen.

Thank you all very much. I saw most of you sitting in through our first session. Let me begin by asking: 7 million coffee cups thrown away each day, the industry has been sitting tight and hoping nobody is going to notice what it is up to, haven't they?

Neil Whittall: We got together in The Paper Cup Recovery and Recycling Group to get organisations into the same room to look at what we can do to basically look at the concerns on paper cups.

Q59 **Chair:** When was that?

Neil Whittall: That has been in place for some time. In 2014 the group was there and then in 2016 we, along with the Foodservice Packaging Association, issued a manifesto looking towards basically countering the challenges in this for a longer period of time through to 2020.

Q60 **Chair:** One of your requirements is "We want a national recycling strategy", even though you are living in a country with 300 different recycling strategies. Apart from not dealing with the reality in which you are based, what else have you achieved?

Neil Whittall: Those organisations have all got together and started to put into place how we can look at the infrastructure and develop infrastructure within paper cups and increase the amount of cups being recycled.



Q61 **Chair:** What has your progress been?

Neil Whittall: As the members will be aware, there are now facilities in over 4,000 locations for recycling of paper cups through different organisations, coffee shops and in offices and buildings. There is work going on in order to expand that as well greatly. Some of you may be aware that the paper cup industry has just entered into an agreement to work with ACE UK, who are the Beverage Carton Association, to look at how we can basically put those materials together and increase recycling of a common material.

Q62 **Chair:** What penetration of the 20,000 coffee shops in the UK do these recycling facilities have through your members? Obviously some of them will be small independents.

Oliver Rosevear: From Costa Coffee's point of view, all 2,000 of our stores do have recycling points in store. This is something we introduced in February of this year and to date we have recycled over 9 million cups through that system. We expect to enter, at the back end of the year, around 15 to 20 million cups recovered through that system.

We looked at that in two ways. We looked at a front of house bin and a back of house bin. We found the back of house bin allowed our teams to recover the same number of cups but decontaminated, because one of the biggest challenges with recycling, both with cups or more generally, is around that contamination issue. How do you make sure the materials getting to recyclers are of a quality that can be recycled?

Q63 **Chair:** What is the difference between a front house bin and a back house bin, for those of us who don't work in a coffee shop?

Oliver Rosevear: So the front of a house bin would be where the consumer would basically place the cup in the bin. What we found, certainly in some of the stores that we trialled this in, was the consumers were throwing everything other than cups into those bins, despite signage on there. What we found was by allowing ourselves to control it, similar to what we do with our in-store coffee, which we generally sell in china for our in-store drinks, was it allowed our team to decontaminate them, stack them upside down and recover them for a system that allowed us to bale them up in bulk and take them to the recyclers in the UK. We could guarantee those cups were being recycled.

Q64 **Chair:** Your in-store recycling scheme aims to recycle 30 million cups a year, 40% of your annual disposable cup outlay but you have just said you are going to recycle nine?

Oliver Rosevear: Yes. We have recycled nine to date, so since February. We expect to recycle 15 to 20. That 30 million was based on our trials of 40 stores in Manchester and London, which are obviously higher volume stores. What we are now seeing, since we introduced this, is that obviously in certain more regional areas those take-ups are lower. However, we are continuing to look at how we can promote that and push



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that, not only in-store, at point of sale, but through our social media channels and through our consumer engagement with our coffee club members to make sure our customers are aware of it.

Q65 **Chair:** So it is going to be about 20% of your annual disposable cup output then?

Oliver Rosevear: At the moment it tracks at around 10% of our total annual turnover. In our original submission, where we did submit it at 190, that was based on our equity stores, the current total use for cups in the UK is at 230 million cups, takeaway cups, versus 470 million that we sell as coffee, mainly in non-disposable in-store cups as well. So it equates to about 40% to 50% of our total usage is in disposable cups.

Q66 **Chair:** As a large user of waste and packaging, and all the other members of the Foodservice Packaging Association and The Paper Cup Recovery and Recycling Group, you all have obligations under producer recycling obligations. They are not being met, are they?

Martin Kersh: Our members who are obligated—which is most of our members—work with compliance organisations. As you mentioned before, the figures of over 2 million turnover placing 50 tonnes on to the market, means that they pay every month packaging recovery notes. They purchase packaging recovery notes. They contribute to the system. That is their obligation to do that. What we have found is not just in terms of coffee cups but within most of the packaging produced by our members, members are going that much further than their obligation.

What we would contend is two things. First, we need to consider not just the individual pieces of packaging that you are focusing on under this inquiry, but a strategy for all packaging and for all consumption on-the-go, of which this is only one part. That is one of the things the packaging industry has now got under way with the different materials, working together to achieve that.

That only works part of the way. We also have to fund that. Going back to your point about producer responsibility, we firmly believe that the system does need reforming and that what we now have to do is consider an approach, which will bring in more money, will bring in more businesses as well because not every business is obligated, which is odd for packaging when, if you look at the waste electronics WEE directive and if you look at batteries, no one is excluded from contributing. That to us is quite odd. We believe we could bring another 100,000 to 150,000 businesses on stream, which would create a very good communication fund.

The issue for us is not so much the micro issue about recycling cups, which is very important, but attacking it on a bigger scale, that is, all of on-the-go.

I believe some of you may have seen from Valpak, the compliance agency, a proposal called PackFlow, which should have been passed in



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your direction. If it has not, then I will make sure that it is. That is looking at alternative ways of structuring the PRN system. There is one that the industry is gravitating towards. It will cost the industry more money but it is much more realistic and will provide the funding required, not just for the areas you are looking at today but for packaging as a whole in the longer term and will secure the income.

Q67 Dr Matthew Offord: I am concerned with something that Mr Rosevear has said about recycling within store. Whenever I go to a coffee shop I always ask for a ceramic cup so it can be washed, but you seem to be promoting the use of more plastic cups even in the store.

Oliver Rosevear: No, not at all. From our point of view, people do sometimes choose to use a paper cup in store. Obviously when someone comes in and asks for a coffee, we will ask them whether they want to drink in or take it away. If they decide they want to take it away and then they go and sit down, we can't ultimately regulate against that. We would always encourage people, if they stay in store, to drink from a china cup. Also, from a reusables perspective, we promote the use of reusables although the take-up remains incredibly low. That is part of the challenge.

Certainly, we would discourage people using those cups in store. However when they go out of the store, on-the-go, they do have a paper cup that they will reuse. The real challenge here is that we need to make sure there is the infrastructure available to allow them to do that. So I would say, first, there is the opportunity to recycle in the store and bring cups back to the store. As Mr Whittall pointed out, yesterday we agreed an agreement with ACE UK that allows those cups to be recovered through a similar system to beverage cartons.

Q68 Chair: That is not going to work, though, is it? Nobody is going to bring their coffee cup to work, stick it in their bag, bring it home and then drive to the supermarket. I don't know about you, I am not a millennial but my understanding of them is that is not how they work.

Oliver Rosevear: The research we did with Sheffield there was around, I believe, 7% of cups do find their way into the domestic market straight away because of the growth in things like drive through and on-the-go in terms of people taking coffee from a motorway service station and they store it in their car.

Q69 Chair: But you are expecting them to bring them to a supermarket to a collection point.

Oliver Rosevear: No, so the ACE UK system in its first instance is on a bring-back scheme of 26%. However, as it expands—

Q70 Chair: What does that mean?

Oliver Rosevear: So, bring-backs are your sort of bring-back clothing banks that you have at recycling sites. It allows—



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Q71 **Chair:** Yes, but you have to bring it into a bank. You have to collect your coffee cups.

Oliver Rosevear: You do.

Chair: It is not like taking a quilt or a blanket. It is a coffee cup.

Oliver Rosevear: I agree but, as that programme expands and that beverage carton system expands, it also looks at kerbside recycling. So recycling through your normal domestic—

Q72 **Chair:** That is not what it says in the announcement today, is it? It says people are expected to bring them back either to supermarket recycling points—

Oliver Rosevear: No. The initial situation with ACE UK is it allows 26% of councils to allow recycling through bring-back schemes. The system allows us, through cups, to start engaging with local councils who ultimately will recover. At the moment, 66% of councils recover beverage cartons through your household recycling. As an industry, we need to engage with those councils to make them aware of the fact that cups can go through and make them aware of what material quality needs to be produced—

Q73 **Chair:** Why have you waited until today to engage with local councils on recycling your cups?

Neil Whittall: We have been in negotiation as an industry with ACE for some time now. We have just got to the stage of a contractual agreement with that. That programme starts through with 27% of local authorities that do have bring-back facilities. The work pattern is then to look at the opportunity in kerbside working with the different waste operators and local authorities. That then also creates a marketplace as well, as beverage cartons are currently collected by waste operators and taken to the facilities of ACE on a commercial basis. So they are paid for the material because it is a valuable fibre for the reprocessing.

It is going to act as a conduit and a backbone to a number of different schemes opening up where you have independent operators. You look at the great work that Simply Cups have been doing in the marketplace on collecting cups. They will be able to go through and work with ACE on delivering product into their system and be paid a return for the material that goes in. Other organisations can do similar. So all the waste contractors will see an opportunity that, if they can recover cups with beverage cartons or on their own, they can deliver them through into that system and have them recycled.

Q74 **Chair:** These are the two recycling mills that can deal with your cups?

Neil Whittall: There is another one as well.

Q75 **Chair:** There are three.



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Neil Whittall: There is ACE UK, which does. There is James Cropper that has been doing work recently, which was publicised, basically recycling their product through into papers that they do, fine papers and bags.

Q76 **Chair:** There are only three reprocessing sites that can reprocess cups?

Neil Whittall: At the moment, in terms of specialist facilities, there are those sites in there, yes.

Q77 **Chair:** This 27% of local authorities will be doing something different and collecting these waste cups and putting them into these specialist facilities?

Neil Whittall: Yes.

Oliver Rosevear: Alongside beverage cartons.

Neil Whittall: Alongside beverage cartons.

Oliver Rosevear: Already those local councils are recycling beverage cartons through the ACE UK agreement and will effectively be able to co-blend cups with beverage cartons. So it is not doing anything new, it is more about moving it into an existing recycling system that has been successful for the beverage carton industry.

Q78 **Chair:** Is the list of local authorities on your press release, the 27%?

Oliver Rosevear: Initially it was 27% but over 66% of the local councils currently recycle beverage cartons through kerbside recycling, when you have the bins.

Q79 **Chair:** Yes, I understand that. Is the list of the local authorities on the press release?

Martin Kersh: We can provide the detail.

Oliver Rosevear: Absolutely.

Chair: That would be helpful, yes. Zac had a question.

Q80 **Zac Goldsmith:** There is a Which? report that has found that eight in 10 people think that coffee cups are routinely recycled. That seems to be a reflection of the fact that the industry, including organisations that you represent, promote the idea that these materials are recyclable. We know that technically that is true. Most things are recyclable, in theory. We also know that in practice that is not true. Only 1% or so are recycled.

Do you not think that the industry has a responsibility to convey an accurate impression of the situation? By extension, do you accept that the industry has misled and continues to mislead people about the nature of these coffee cups and how many are recycled?

Martin Kersh: There is an issue between what is recyclable and what is actually recycled. That does not just apply to cups. That applies to an awful lot of packaging and a lot of other non-packaging items as well. As



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an industry, we genuinely do not want to mislead anyone. That has never been the intention, to mislead the public.

I am not sure the public need to know about the complexities of why a cup can and cannot be recycled. What the public want is somewhere to place their cups with the sure knowledge that something positive will happen to them. That is why I refer to looking at this from the perspective of 'on the go' in the wider sense, rather than saying, "We will have a chain of bins just for the cups and a chain for cans and another one for beverage cartons". We should all work together. The announcement this morning does go something along that way.

A lot of consumers get their information about what can and cannot be recycled from what happens domestically at the kerbside. Research has shown that. That is often the well of where they get their information from.

- Q81 **Zac Goldsmith:** Can I interrupt? If there is a giant chasm between what people think is happening and what is actually happening, and if—as I think you are implying—the industry has a responsibility there, in terms of the story you have told, if that is true, and I think we all agree that that is true, would you, for example, agree that it would be more sensible and more honest to remove the Möbius link, for example, from coffee cups?

Oliver Rosevear: From our perspective, we have already done that. That was a decision. As you say, from our perspective, it is about giving a clear understanding to consumers of exactly how they can recycle, and so we did remove the Möbius loop and introduce a Tidyman symbol on to our cups for that very reason. Now it is very much about setting up the infrastructure to allow consumers to be able to recycle and then reintroducing a clear labelling system that allows them to understand how they can recycle. In the first instance, it is getting the infrastructure in place, so in-store through the ACE UK systems and looking at how we try to tackle the on-street challenge as well.

- Q82 **Zac Goldsmith:** Can I ask you then specifically about the point you were making earlier? Unless I have misunderstood, you are saying that your aspiration or your belief is that 20% of the cups that you generate will be recyclable. Is that right? There or thereabouts.

Oliver Rosevear: We hope, through the schemes we have, yes, that we will start to see a significant increase in the numbers being recycled.¹

- Q83 **Zac Goldsmith:** Obviously that is a million miles away from where we are today but it is a pretty meagre aspiration. The question for other members of the panel is: without a heavy-handed approach by Government, bans, taxes or whatever, without all that stuff, where do you think the industry will be in three or four years' time? What is the

¹ Mr Oliver Rosevear has since informed the Committee that he believed the figure cited in Q82 was 20 million cups, rather than '20% of the cups'.



consensus there?

Neil Whittall: The target is to give every opportunity for people across the country to have a recycling facility for cups. With the installation of the 4,000 or so points that are already there and with the extension of the unit into looking at how we can integrate into the ACE UK system, which covers 92% of local authorities across the country, and then, if we can target to make sure that number of people has the opportunity to recycle cups and know about it, that has to be an aspiration.

Q84 **Zac Goldsmith:** What do you think? Theoretically, you could say that 100% of the cups could be recycled now. With tremendous effort, it is possible. What is your percentage prediction as to how many cups you think will be recycled, based on all the initiatives that you have already described and some that will probably be described in a few minutes? Where do you think the industry will be in three or four years' time? Where would you like it to be?

Neil Whittall: I do not think that we doubt the challenge that is in front of us. Let us be honest about that. But if we can put the facilities in place across the country that enable people to recycle their cups—

Q85 **Zac Goldsmith:** I understand. Can I ask you then, do you believe that the Costa aspiration is ambitious? Do you think it is paltry? What is your general view about the 20% target that Costa has?

Neil Whittall: I would prefer that probably Oliver looks at how his figures are derived from his particular ones. I would not particularly like to comment on any specific companies.

Q86 **Zac Goldsmith:** Would you be proud of that? As a member of that industry, would you be proud of a 20% target? Given that is based on existing technologies and initiatives and so on, is that something you would be proud to repeat in panels like this?

Neil Whittall: I would like to see us move forward at the rate that can reach those numbers but I would like to go further.

Q87 **Zac Goldsmith:** Mr Kersh, could you answer the same question?

Martin Kersh: I think 20% or anything you care to name is just one stopping point, one point on the way. What we really want to achieve, and it is obvious, is we would like all cups to be recycled. Why do we want that? Because they contain such excellent materials and we are desperate to get those materials back. There is a second life for those materials, both the fibres and the polymers. It has to be a priority. We very strongly support the circular economy and the proposals that are being put up and, in keeping with that, we have to get those fibres back.

Q88 **Zac Goldsmith:** One final question, Chair, if that is all right. I am going to put a bit of small print here. When we had the session on plastic bags and we asked representatives of the industry what would happen if the charge came in, we had all kinds of apocalyptic scenarios. Some were



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saying, "It will destroy us", jobs would be lost and the world would fall apart. We now know it is a success story. I want to ask you the same question. If there was a blanket ban two, three or four years from now where you will not be able to use coffee cups that cannot be recycled and you have to get your skates on and find an alternative, what do you think the impact would be in the industry?

Martin Kersh: I do not think there would be any need to ban them because we are moving to a point—

Chair: That is not the question, though. That is not the question.

Zac Goldsmith: That is exactly the answer we got from the plastic bag manufacturer.

Martin Kersh: Well, there is not. If it is a hypothetical, which it is, then why would we need to contemplate a ban? Surely the priority is to be able to recycle.

Q89 **Zac Goldsmith:** Completely right. Then I will turn that back on you. If you feel that there would be no need for a ban because you are going to be in the right place anyway, would you object to the introduction of a ban in a realistic period of time?

Martin Kersh: We are not, as an industry, in favour of bans and charges. What we want to do is to put the infrastructure and the points into place so that people can recycle the product.

Q90 **Chair:** Which do you fear the most, a ban or a charge?

Martin Kersh: To be honest, I want to put into place the recycling facilities to make this product go around in the circular economy and recover the fibres. It is possible to do. This product is recyclable. I believe that we can do it.

Q91 **Zac Goldsmith:** Last question. I am sorry to interrupt but I realise I am holding you back and I also have to go in a second. It sounds as if Martin Kersh does not believe a ban is necessary because we are going to be in the right place anyway. Therefore, by extension, the ban would not be a disaster because we are going to be there anyway. Whether or not you favour a ban, it is not going to change anything because it is all going to happen anyway. My question to Mr Whittall is: if the ban came in, do you agree also that it would not create an impossible demand on the industry, that you would be able to cope, that you would move on, find an alternative and get going?

Neil Whittall: The industry is being challenged to get into place and put the facilities into place.

Q92 **Zac Goldsmith:** You would be okay if there was a ban?

Neil Whittall: Sorry, no. I apologise, I was just about to finish. I think a ban would be a negative factor. It would be a signal that the industry, even if gets together and it works hard, does not have a place to go. It



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needs to work hard and it needs to put the facilities into place and I do not think bans or charges will assist in that programme. It may well disincentivise parts of the industry.

Q93 **Chair:** Which parts would it disincentivise?

Neil Whittall: It could do across the whole of the industry.

Q94 **Chair:** What is the example it would disincentivise? If we are driving innovation through a ban and there is a clear endpoint in three or five years' time, who is disincentivised? Are you not all getting behind it and cracking on?

Neil Whittall: We would like to get on with the job in hand. That is what we would like to do.

Q95 **Chair:** The result is 1% recycled at the moment. Coffee shops have been a thing for the last 20 years. There have been 20 years of getting on with the job. You were set up in 2014. There are certain companies doing certain things. Starbucks has had its discount for 10 years but none of it is advertised, none of it is there at the point of sale. It seems only MPs, perhaps their researchers, academics and people who work in coffee shops know about it.

Neil Whittall: I appreciate what you are saying.

Q96 **Chair:** There is an inverse tax already, is there not? If you are prepared to give a 25 pence discount, that is already a charge.

Neil Whittall: I appreciate what you are saying in respect of that. First, the industry obviously does have its obligations under the packaging legislation. It is looking to put into place all the facilities that are there. It is a whole supply chain issue. The PCRRG came together as 38 organisations across the whole supply chain, and that includes local authority organisations like LARAC, like WRAP, because they all understand the challenges that are there and wish to help us in that progress and getting things into place.

Q97 **Chair:** We were asking about what the effect on industry would be of a ban and you said it would disincentivise certain players. I am trying to understand which players would be disincentivised.

Neil Whittall: I am saying that people want to get on with the recycling process within there. If they see that there is something punitive in the future then that would not be seen as, maybe, supportive of the industry acting on its own behalf to put his house into place.

Q98 **Chair:** They would feel hurt but essentially they would have to comply with it.

Neil Whittall: Putting something into place is not the way that we believe that should work. We believe that the industry would like to be able to act on it as an industry and put the facilities into place.



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Q99 **Chair:** Your industry, the manifesto says, "By 2020, at least 75% of the UK population has access to facilities". That is not an outcome. That is just saying, "We have covered all the big cities and you can if you want to". Where is your outcome in that?

Neil Whittall: We are working towards putting those facilities right the way across the country, so that everybody has the opportunity to recycle paper cups.

Q100 **Chair:** Yes, but you are not actually making them recycle. You could have 75% coverage and still be at 1% or 2%. Where is your outcome-focused initiative that says, "By 2020, X% will be recycled"? It might be 20%, 10%, 40%. Costa thought it would be 40%. The reality is that it is harder to do than they thought, more education is required, so it is coming up to 20%, but they are doing something. Yours is that 75% of people can access it.

Martin Kersh: We have to encourage an infrastructure and, once we have the infrastructure, which we are moving towards, the next task, or coinciding with it, is to work on consumer behaviour, to get consumers—

Q101 **Chair:** Is it not a twin-track approach? There is no point having 75% of people able to recycle if only 0.5% of people know they can recycle.

Martin Kersh: That would apply to aluminium cans. You have the facilities there and then the next stage is how you get people to place their cans in the right bin. The logic is fairly similar.

Q102 **Chair:** The aluminium recycling rate is much higher than coffee cups.

Martin Kersh: It is much higher and it did not happen overnight. It took a while for it to get into shape. This is an important step. Certainly there is the news that you have had today. The work that now has to take place, coinciding with this, is consumer education. I would agree with that and I know it has been referenced how much of this is providing information to the public. I would agree. There is absolutely no dispute about that.

Q103 **Chair:** Yes, but my question was related to the outcome. It is no good having coverage if you do not have a target for actual recycling. It seems you are reluctant to say what that target is.

Martin Kersh: If we look at other industries, they have achieved great success in aluminium recycling and glass recycling because the facilities are in place.

Q104 **Chair:** What is your target in your head? Is it 50%, 60%, 70%?

Martin Kersh: As I think has been mentioned, if we have facilities right the way across the country and are incentivising people to do it, we want everybody to recycle their cup. If the facility is there to do it, then—

Chair: But there is no figure? There is no target? Thank you, moving on to the next question.



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Q105 **Caroline Lucas:** In the UK, Costa and Starbucks, Pret and Paul all offer a 25 pence discount if you bring your own reusable cup and yet the uptake of that is still only around 1.5% or 2% across the industry. Do you think that approach to reducing the use of disposable cups is working?

Martin Kersh: If I can start on this one, the consumer should have a choice and many of our members distribute reusable cups. They make money from them. The opportunities are there. In fact, you mentioned 25 pence but Starbucks themselves at one point offered 50 pence and in America that sort of discount has been going on for quite a number of years. Yet the public who we believe should make the choice—no one is getting in the way of them using a reusable—has decided they do not want to.

Q106 **Chair:** Why do you think that is?

Martin Kersh: People draw a comparison with carrier bags but it is different. It is partly convenience. I think a lot of coffee consumption is impulse. I do not necessarily plan my coffee consumption in the same way that I might plan my shopping expeditions. If I am shopping and I am lucky enough to go to the shops by car, then I can easily put bags in the back of the car. This is different, and I think you alluded to it before. The idea of carrying a cup in your handbag or your briefcase is not particularly attractive, particularly once you have used it.

Q107 **Caroline Lucas:** We heard from the earlier panel that it is charges rather than discounts that have a more effective outcome in terms of changing people's behaviour. Are you in favour of a charge on the disposables rather than a reduction on the non-disposables?

Martin Kersh: Some of the figures are within levels such as 5 pence, which I know has been raised in Scotland. But people are being offered up to as much as 50 pence to use a reusable and we do have an example of one group who not only gave the cup away for nothing, they also gave you free coffee the next time you brought it in. People took up the offer. They had a great take-up of that but three weeks later the pattern, in terms of the ratio of reusables to regular paper coffee cups, returned to the former pattern.

Q108 **Caroline Lucas:** I want to go back to the charge. It seems that what you are saying is reinforcing what we heard in the first panel, which was that discounts do not work even if you add other things into the package. I want someone else along the panel to talk about charges rather than the discounts.

Chair: Perhaps we can hear from Costa.

Oliver Rosevear: Incentives, as you say, are not necessarily driving the levels that you would hope to see, despite the fact we make it as easy as possible by introducing reusable cups that work in our operation to make it easier for consumers to be able to use them. The take-up is low. The challenge for us is very much that if we are able to create the



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infrastructure to recycle that, should we be—I do not want to use the word—“punished”, but the consumer—

Q109 **Caroline Lucas:** Reusing is always better than recycling, however good your recycling is.

Oliver Rosevear: Absolutely, and we would always look to encourage reuse. We absolutely do. We have a 25 pence reduction.

Q110 **Caroline Lucas:** You do not blazon it. To be honest, I have never even noticed it.

Oliver Rosevear: In all of our stores there is point of sale front and centre that does say we offer 25 pence—

Q111 **Caroline Lucas:** Yes, but it is probably in small writing here. It is not something you see as you walk in. I would choose to use a coffee shop that was doing that if I was aware of it and it was blazoned—

Oliver Rosevear: Absolutely. If you do see any of the stores we have, there is a very clear sign that offers 25 pence and also mentions the recycling of our cups. It has been there since February, when we introduced that scheme.

Q112 **Chair:** You have offered the discount since before February, though.

Oliver Rosevear: We did, yes, absolutely.

Q113 **Chair:** But nobody knew about it and you did not advertise it.

Oliver Rosevear: We did advertise that in-store as well. The original system prior to February was a donation to charity. We donated to a number of different litter charities.

Q114 **Chair:** It was not a discount? Right. They did not get the money back.

Oliver Rosevear: Initially, it was a charitable donation. We wanted to trial and see whether that drove reuse. It drove the same or very similar reuse to what we see at the moment. In fact, it was slightly lower. When we looked to incentivise consumers with a 25 pence offer we did see a very slight increase, but it still remains below 1%. We tried to make it easy for them by making sure there is availability and that our store teams are helpful in terms of making sure they stock cups and make the cups available. There are two cups available, one at £3 and one at £9.99. The £9.99 cup also offers a donation to our Costa Foundation, which is a charitable trust we operate opening schools in coffee-growing communities, again to try to push reuse with our regular customers.

Reuse does remain low. Consumers do find it challenging to think about carrying around a cup after they have used it. It still has dregs of coffee in it. There is also, “Where do I then take it? Do I remember to take it when I am on the go?” As Martin quite rightly pointed out, while some consumers do come into our store on a daily basis a lot of them come in



and are not necessarily planning that journey, unlike when you go to the supermarket, which is a very different social interaction.

The challenge is how we continue to try to promote and push that. As I say, we do that in-store, through our social media channels and through our club card members as well, to make them aware of it. Ultimately it is the consumer's decision as to whether they want to reuse that cup. The challenge we have is how you make sure, while continuing to promote the reuse of cups, that we create infrastructure for those who do choose to use single-use to make sure they are able to recycle it.

Q115 Caroline Lucas: What we have established is that discounts do not appear to work. That is what the first panel, who have studied behavioural psychology, also told us. Let us look at taxes. I understand, Mr Whittall, that the reason your organisation is against charges is because you have said that taxing single-use paper cups will not improve recycling infrastructure. Why do we not hypothecate the money from that tax and use it to set up the infrastructure so that it would directly improve it?

Neil Whittall: In the first instance, that is the consumer. In fact I think there was a YouGov survey that asked consumers which they would like to see, whether they would like to see charges or whether they would like to see an increase in the infrastructure built up, and their answer is that they want to see the infrastructure in place to choose—

Q116 Caroline Lucas: Surely the two things are connected, are they not?

Neil Whittall: What they are saying is that if we can get the infrastructure into place for them to recycle, they will do that.

Q117 Caroline Lucas: We have already established the fact that that is going to cost more money. You need separate, dedicated facilities—you have mentioned you have three of them so far—to do the recycling of this kind of cup.

Neil Whittall: Yes.

Q118 Caroline Lucas: That is more expensive. In order to be able to drive more to it, you are going to have to find the funding to build that infrastructure more widely.

Neil Whittall: Sorry, you say that that is more expensive and I do not know whether that is the case because we are building on existing infrastructure and companies that are working hard in the marketplace, waste operators who are taking cups out of the marketplace and getting them recycled.

Q119 Caroline Lucas: I can tell you, if I went to my local authority and said, "By the way, could you do an extra set of collections of coffee cups? It might require a separate bin next to the other ones", that is going to be extra time and that is going to be extra cost. There will be an extra cost of doing this. It is also going to be the case that, if you only have three of



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these specialist recycling places, then obviously building up more of those is going to have a cost.

Your organisation's main problem with having a tax was that it does not improve the recycling infrastructure. I am asking you to answer the question: if you were to use that tax to improve the recycling infrastructure, would you then be in favour of it?

Neil Whittall: I think that the consumer would prefer to see the infrastructure built up because ultimately—

Q120 **Caroline Lucas:** I am not talking about the consumer; I am talking about your organisation, which is opposing a tax. One of the reasons you have said you oppose a tax is because it does not improve the infrastructure. I am saying to you: if the tax were used to improve the infrastructure, would that take away your opposition to a tax?

Neil Whittall: I do not think that, as an organisation that covers the whole span, a charge on cups for the consumer is seen as the preferential route.

Caroline Lucas: That is an odd thing to have cited, then.

Q121 **Chair:** ACE UK is only covering 25% of local authorities. To get to your manifesto in three years' time, or two years' time—you want 75% of the country to have access to these specialist facilities—how is that going to be funded and rolled out? You have a manifesto and no underpinning around it.

Oliver Rosevear: One of things to be clear about with the ACE UK system is that it is offering material value to those cups that historically was not there. In the sense of beverage cartons, the reason that local authorities do drive forward beverage cartons is because there was a material value to them and it is offsetting some of the costs that, as you rightly say, do sit within the collection. That is one of the beauties of the ACE UK system that it is allowing local authorities, through a system that already exists, to be able to recover cups alongside beverage cartons, effectively creating a market. This is one of the challenges around any recycling.

Q122 **Chair:** But that is self-financing. If you are an authority that does not do that, like Wakefield, you have to set it up from scratch or introduce some new system or process in your MRF, do you not?

Oliver Rosevear: As I say, we do pay into the packaging and recycling system and I think, if the packaging and recycling note system supported, as you say, direct access to that, then that could support those areas where there needed to be additional funding to push that recycling. If we can create the infrastructure and it exists then it is about understanding how that starts to pay to make it attractive for local authorities to pick up. We hope that will start to happen through the ACE UK system as it is promoted. If existing taxation is directly related to the



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materials we are trying to recover, then there is benefit in driving forward recycling and increasing recycling rates.

- Q123 **Chair:** This 27% will also rely on consumers being aware of that, and the evidence is that consumers are blissfully unaware about everything to do with coffee cups. Even though you have rolled it out to a quarter of the population, I bet the evidence in a year's time will be most people do not have a clue about it.

Oliver Rosevear: That is where we as brands, and also local authorities, are there to start to raise the awareness of the ability to recycle, once that infrastructure is in place and once there is a clear route for people to recycle. At that point, we can have that conversation.

- Q124 **Chair:** By its nature, it is on-the-go. If I buy it from Costa in Wakefield and I dispose of it in Westminster, what is the answer? Wakefield is a no. Westminster is a question mark.

Oliver Rosevear: If the infrastructure exists, yes, it is on-the-go and yes, some people will put it in the general waste bin but, ultimately, any material put into a general waste bin is not going to be recycled. That is possibly an awareness we need to get, that if you want to see stuff recycled you need to put it into waste infrastructure that allows you to do that. Our challenge is about creating that infrastructure and, as I say, we are trying to do that in store and through the ACE UK agreement. Also we have introduced a system called Cup Care with Veolia that is around office recycling, allowing offices to be able to recycle cups more easily. As we start to work through where cups are likely to find themselves, and again the research we have done with Sheffield University gives a good indication of where that happens, we are trying to put the infrastructure in place.

There is always going to be that challenge around on-street because the fundamental infrastructure in terms of recycling does not exist. The majority of local authorities tend to have only general waste bins and not mixed recycling bins. Some of the panels spoke earlier about contamination in on-street bins, which is a challenge. Again, this is part of the challenge around coffee cups or anything in terms of recycling.

- Q125 **Chair:** This is why we go back to the tax question.

Martin Kersh: May I make one point on the tax system? One of the reasons why we are opposed to the tax system is there is simply a better mechanism for providing the funding for the UK's recycling infrastructure that does not apply just to cups but applies across the board, and that is—

- Q126 **Chair:** That is wholesale reform of the PRN.

Martin Kersh: It has to be that.

- Q127 **Chair:** You have been calling for that for the last seven or eight years.



Martin Kersh: I agree, but—

Q128 **Chair:** We have waited eight years for that not to happen, with successive Environment Secretaries.

Martin Kersh: There has been a huge acceleration over the last three to four months. What you will find is—and we must get the documentation to you—that there is gravitation from the industry around one of the particular routes, which will cost industry more. At the moment the PRN system brings in £62 million a year. That is not just food service, that is not just food and drink packaging, that is all packaging, and that simply is not enough. Part of the reform is recognising that some product packaging is harder to recycle than others, and therefore that packaging will undoubtedly be paying more because it is made up of multi materials and you will be paying by the material. That is the way to develop it and to find a long-term solution.

If we look at tax, what are we going to do? It does not get rid of litter. There will still be litter left. Are we now going to introduce a tax on the next littered item and then work our way through every item? We are as much against and we want to do as much about litter as you do. Are we going to then tax every different type of littered item and use that as the mechanism? How are we going to set up that mechanism? That tax will not only be imposed on coffee shops. That tax will be imposed on small stores, convenience stores, garages, hospitals that use cups, schools, education and so on. It will have to apply right across the board.

Q129 **Dr Matthew Offord:** That did not apply in the case of plastic bags. It does not apply to small convenience stores—

Martin Kersh: There was an exemption that was negotiated for businesses of less than 250 on the payroll. Correct, yes. It is just that then you would have some people being able to sell coffee at a cheaper price than others so there would be a competitive issue there.

Q130 **Chair:** £2 for a cup of tea, which is essentially a tea bag that costs less than a penny and a squirt of hot water; the profit margins for coffee shops are probably among the healthiest in the UK economic space. Caroline, have you finished your questioning?

Caroline Lucas: I have.

Chair: Thank you. We are going to move on to John McNally.

Q131 **John McNally:** Just to go back to the point that you made earlier on there about the announcement that will be made today, I do not think it is any coincidence that you are coming before us today, in front of the Environmental Audit Committee, and it would be churlish to say otherwise. I want to make that known. I do not think it is any coincidence whatsoever that you are coming before us today.

I want to move on to yourself, Martin, with a question thereafter to you, Martin. You have already stated, "Together with the PCRRG we welcome



new developments provided the cup is totally fit for purpose, meets all food safety requirements and can be produced to scale". What are the current barriers to adopting the use of recyclable cups such as the Frugalpac cup? I noticed in all the evidence you have been giving us this morning, Martin, you are very good at moving distractions in, about plastic bags and cans and everything else. I want you to stick to that particular point, this recyclable cup such as the Frugalpac cup. Why are you not using it more?

Martin Kersh: Is that directed at me?

John McNally: Yes, to you.

Martin Kersh: Sorry, there are two Martins.

John McNally: Then if you would like to come back. If you see there are any barriers as to why we are not using this cup, I would like to hear from you.

Martin Kersh: We are utterly open to new ideas. I get, as you might imagine, lots of new ideas regarding coffee cups and other types of packaging that come into my e-mail box every week. If there was a simple solution to this, the industry would have adopted it. There is no question about it. We are not luddites rejecting things just for the sake of it. It is not about that.

A key issue here is scale. Whatever alternatives are out there they have to be able to be produced to the high levels of quantity demanded by the public, to be able to meet that demand of the public. We are looking at scale. One of the interesting developments is not so much just in the different types of cups we see but in the core base material itself, and that is a very attractive proposition. You have probably seen submissions that have referenced a company in Finland.

Q132 **John McNally:** You are saying it is materials to scale. What do you think about that?

Martin Kersh: It has to be to scale.

Martin Myerscough: We come from these problems with the view that the system for recycling is fine. The MRFs work fine. The consumer does want to recycle the cup. I was fortunate in that I am an outsider to this business. We came in three years ago and had a look at it and we decided it was the cup that was the problem, not the recycling system. There are bins available on the street for recycling materials. We designed our cup so it would go in any bin and it could be recycled in any mill. That was our objective. On the question of scale, the reason why we have been in and out of the limelight a little bit is because our first licensee is in southern Ireland, a company called Cup Print, and we built 18 months ago slow-speed machines and we are now completing our first high-speed machine which will run at a speed comparable with existing



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cup machines. This one will make 50 million to 70 million cups a year, depending on shift.

Q133 **Chair:** Fifty million to 70 million? How much does Costa use a year?

Oliver Rosevear: Two hundred and forty million.

Q134 **Chair:** Right, so less than a quarter of Costa's.

Martin Myerscough: The first machines are always incredibly tricky to build. We can then make batches of machines at four and five at a time on three-month intervals. It is a completely scalable solution. The cups are the same price as a normal cup. They look the same. They taste the same. We have done all sorts of consumer trials on them and we have been trialling with small coffee chains over the last six months to make sure they like them and everything else like that. We have all of that work behind us and now we are working with people like Biffa, Viridor, Premium Waste and the Suffolk Waste Partnership. They are all coming into the limelight now.

In actual fact, Oli, on your issue of contamination, as a company we did some work around Ipswich where we went out of the streets. I got fed up of people telling me the contamination issue was a big issue. We physically went out on the streets, collected all the cups that were in the bins, sorted them all and had them tested by an independent company called Intertek.

It turned out there are two sorts of contamination issues. The first sort of contamination is plastic lids and stirrers and things like that. The MRFs, the materials recovery facilities, do not worry about those. They can sort those. They can identify those on their automatic machines. The thing that upsets the paper mills is organic material, teabags and everything else like that, residual coffee. Very interestingly, we found out that most of the cups were flattened when you got them out of the bin because they had all been on the street. Most of them did not have lids in and only 1% had any organic material in them. It is a very small problem out of an accepted highly contaminated bin system.

The answer quite simply is to change the cups. If you change the cups, it does not cost you anything. There are other people designing recyclable cups. What we are calling for today is that we design a standard. I do not think a ban is a good idea. I am not a great banner of things. You do not need to put a tax on them because they are the same price. You have a zero-cost system here. You could switch in a couple of years, three years, all over to recyclable cups.

Q135 **Caroline Lucas:** Why are they not?

Martin Myerscough: I have had other conversations with Oli about this, as you can imagine. In his defence, we were not ready. We are now ready, so we are going to go.



Oliver Rosevear: From our point of view, the current cups can be recycled. That is the first point. One of the challenges we see in terms of recycling—Martin mentioned the contamination issue—is that a lot of paper recyclers in the UK will not take any food packaging if it has had food contact on it. Currently, under the good manufacturing practice that exists through the CPI, there is zero tolerance on food or organic contaminants in paper that has had food contact. That is a much wider issue than just cups.

For us it is about, again, the fact we can recycle this cup. When we look at the cup we currently use, it is sustainably sourced and we are looking at how we can reduce down the amount of material to make sure it is as minimal in terms of impact as it can be. It is about making sure we are using the right materials, in the first instance, and then about focusing on infrastructure to make sure we can recover those cups and recycle them.

One of the other pieces of work we are doing at the moment is working with Sheffield University and a major reprocessor to understand how pulvable the current cups are. Even in normal pulping processes we are finding they are more pulvable than previously thought, which is giving us some really good insight in terms of how we can potentially advance design to make them more recyclable. Again, the issue does come back to this contamination bit, the fact that a lot of reproducers in the UK may not even take it.

Q136 **John McNally:** That seems totally contradictory to what this panel has heard. That needs further investigation. If you can back yourself, Martin—is it Myerscough?

Martin Myerscough: Yes.

Q137 **John McNally:** You did a trial with Starbucks regarding cups, is that correct? Could you tell us what these cups are that you have in front of us?

Martin Myerscough: These are just examples. This is one of my cups that we make, an example of our cups, and I was going to show the different way in which our cups are made in that the existing cups are made by taking a flat shape of cardboard, putting a thin layer of film on it and rolling it into a cup, and the way we make our cups is that we make it out of recycled board. It is not virgin. We do not chop down trees. That is recycled board without any chemicals on it. We then put a very thin liner on it and we manipulate the liner to make it into one of these cups so it looks like an existing cup. That is what that was to demonstrate.

Then when it goes to the paper mill, the outside paper breaks down. The liner floats free automatically. That gets caught in the filters. That is 10% of the waste of the cup. We still have to have some plastic in it. There is no more plastic than in the existing cup. The fibres go through and get recycled. We have tested it in tissue mills and all sorts of mills.



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On the issue of contamination—we will come back to it—the industry has a zero tolerance, yes, we accept that, but in reality they do see quite a bit of contamination, especially in the mixed paper streams. They will see Kellogg's packets with leftover Kellogg's things in them; they will see pizza boxes and everything else like that. We are asking for no more leniency than any of those other industries. What we are saying is that this issue is actually a very small issue. It has been exaggerated. In actual fact we are no worse than Quaker Oats or anything else like that. There is a pushback from the mills on this but I just think it is one of those things they are pushing back on.

Q138 **Chair:** John's question on the Starbucks trial.

Martin Myerscough: Sorry, yes. To answer your question, yes, we started a trial with Starbucks. They did all the technical tests, all sorts of tilt tests and nerdy tests that we do when we are making cups. They are now waiting for us to start the high-speed machine, which is next month, and then they will be taking stock from us and continuing with the trial.

Q139 **John McNally:** Can I ask a silly wee question? Are you listed on the Social Stock Exchange, your company, by any chance?

Martin Myerscough: No, we are not.

Q140 **Anna McMorris:** Is this to do with cost, then? Is it more expensive? You mentioned that Costa do not want to take that up. You are content with the cups that you have at the moment, which are not fully recyclable in terms of what we have at the moment. They need to go to those specific plants, of which there are only three, I think we have heard. How much does it cost?

Martin Myerscough: Ours are the same price as a normal cup.

Q141 **Anna McMorris:** How much is that?

Martin Myerscough: It depends on volume and the—

Q142 **Anna McMorris:** I am buying one million. How much are you going to charge me?

Martin Myerscough: Do you want a single or a double-walled cup, depending on your printing?

Q143 **Anna McMorris:** Unprinted.

Martin Myerscough: Unprinted, around about the six pence mark.

Q144 **Anna McMorris:** But obviously smaller runs/higher charges.

Martin Myerscough: Smaller runs, higher margin, obviously. In terms of the cost of coffee or a cup of tea as you alluded to, £2, it is nothing. Any change in the price of the cup is nothing.

Our ambition is that we will license this technology to anybody. We started up with Cup Print in Ireland. They were the only people who



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would take us. They make 250 million conventional cups a year. It is a big factory. They have taken us in and they are taking our machine and working our technology. We are not the only ones working in this area. There are other people who are working in this area. We are not alone in that.

We do see that the cup is the issue. The cup is the issue, not the recycling stream. Do not beat up the MRFs. Do not beat up the councils. The councils have no money. Do not tax the consumer. The consumer wants to recycle. The problem is when the consumer goes up to one of all these Costas and they walk down the street, they drink their coffee, 90% or 85% of the people walking out of the store have nowhere to put the coffee cup. That is the problem. It is an on-the-go problem.

Q145 **Anna McMorris:** Whose responsibility is it then to ensure that all cups are fully recyclable?

Martin Myerscough: I got fed up because everybody was blaming everybody else. The coffee shops were blaming the cup makers and everything. We set up Frugalpac to address this. We said, "Come on, let's get going. Let's sort it out. Let us make a cup that works and then nobody can blame anybody else", as simple as that.

Q146 **Chair:** But you have not made your first million cups?

Martin Myerscough: No. We have made hundreds of thousands.

Q147 **Chair:** Half a million?

Martin Myerscough: Something like that, yes.

Q148 **Chair:** Have you ever done a million-cup run?

Martin Myerscough: No, not yet, because we had a slow-speed machine and our high-speed machine will be ready in about six weeks' time.

Q149 **Chair:** Where is that made?

Martin Myerscough: In the UK. We try to keep things in the UK.

Chair: Okay. Anna, did you want to—

Martin Myerscough: I assume that is a good thing to do. Is it not?

Q150 **Anna McMorris:** It is a good business pitch here for Costa.

Oliver Rosevear: Martin explained that very point, which is that they do end up on the street. Again that comes back to our challenge, which is around infrastructure. You can have the most recyclable cup out there but if it is not put in the right bin it is not going to get recycled, especially on the street. We go back to the fact that it is mainly general waste bins on the street. That is where the challenge exists. There is a huge amount we need to do about engaging the consumer and we take our responsibility in that, but also it is about making sure that everybody is



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aware, through the right signage and messaging, as to how they can recycle it. That is very much where our focus needs to be.

We have obviously reviewed Frugapac and a number of other different solutions such as Delipac and Kotkamills. If there was a situation where we felt we could dramatically move forward, in terms of the environmental impact of that cup, we would make the move. At this moment in time we have reviewed all the products out there and we feel the focus needs to be on infrastructure and making there is availability of recycling to the consumer, and also understanding much more about our cup to make sure that it can be more recyclable.

As I say, there are some really encouraging signs from the tests that we are now doing with Sheffield and this major reprocessor to indicate that while that inner lining is a barrier, it is not as significant a barrier as previously thought and we are getting good fibre returns. The indication that ACE UK, James Cropper and others are recycling cups shows that they can be pulped and they can be reprocessed. Again, we believe the focus needs to be on infrastructure, consumer engagement and making sure we can get more cups recycled. That has to be our focus.

Neil Whittall: Sorry, if I may, just from the industry side in terms of the supply chain, picking up on the point about things like contamination, that is why the supply chain is sitting in the complete room, so that we do not pass a problem to somebody else. We have to look at this in the long term as to where that goes, and with cups the want is to put an infrastructure into place that will give that opportunity to consumers. There are a number of products in the marketplace. The current product is obviously going to now 4,000 points with the agreement to mix it in with beverage cartons. It is a real step forward to show that there are opportunities right the way across here to build the infrastructure.

Q151 **Chair:** Mr Kersh, I want to come back on your point. You said that in the last three or four months the PRN discussion has intensified. Why do you think that is?

Martin Kersh: It has just been a natural development from the industry.

Q152 **Chair:** Have discussions intensified with the Government or have discussions intensified in the industry?

Martin Kersh: Defra is aware of the work that is going on, as is WRAP as well. I had a meeting with Marcus Gover at WRAP to take him through it and he was very pleased to see two developments. First I will go back to the strategy for an on-the-go solution, not just focusing on cups but literally on all consumption out in the streets. The other part is how that would be funded, not just with on-the-go but with packaging in general, which needs major development with regard to recycling. There is Government awareness and I know a document has been passed to Defra as well. It is something the industry recognises.

Q153 **Chair:** From your industry?



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Martin Kersh: The packaging industry. I am talking about the wider packaging industry. We are only one part of it. We are one small part of it and to get a long-term, sustainable solution we will have to work with the wider industry. We have a number of shared issues. That is what is happening at the moment. We are working very constructively together.

Q154 **Chair:** Do you think we will see a time where we do not see black food trays for meat?

Martin Kersh: I think we will see black food trays being recycled because the development in optical scanning will deal with those a lot better. They are there for purpose and it is another step. Progress has been made on that. That is something that is going to develop fairly rapidly. The science is there, the technology is there and a lot of money has been put behind research and development. That should be recovered. As time goes on, there will be a solution for that, as, I believe, for most packaging. We are not on our own in this. We look around and in the street we see confectionary packaging, we see so many different types of packaging that we do not like. We have to look at this in a macro way.

Q155 **Chair:** Mr Myerscough, you have done several hundred thousand of your cups. We drink 7 million cups of coffee a day. At what point in your business's growth and development do you think you will be able to fully supply the British market?

Martin Myerscough: We estimate it would take two and a half years.

Q156 **Chair:** If it was your company alone doing it?

Martin Myerscough: Yes, if it was our company. We are not working alone in this. Other people are working on this.

Q157 **Chair:** Yes. If there was someone else—

Martin Myerscough: In something like two years, two and a half years, you could have the whole industry converted, yes.

Q158 **Chair:** OK. So, if there were to be a ban, you alone could meet that ban in two and a half years?

Martin Myerscough: Yes, if we were pushed to.

Q159 **Chair:** Good to know.

Martin Myerscough: I am not in favour of bans, I have to say.

Q160 **Chair:** Yes. We have heard nobody is in favour of bans.

Martin Myerscough: But, you know, maybe it is the time. It is 2017. Maybe it is the time. We have been chopping down trees, drinking coffee for 30 minutes and throwing them in the landfill for a long time and it is about time we did something different. That is what we are saying. Just about time.



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Q161 **Chair:** That is our job.

Martin Myerscough: Thank you very much.

Chair: Thank you all very much indeed. It has been very illuminating. Thank you very much. The session is closed.