

# Consistent municipal recycling collections in England

<b>Lead department</b>	Department for Environment, Food and Rural Affairs (Defra)
<b>Summary of proposal</b>	A proposal to mandate: a core set of six types of material be collected from all households by Local Authorities (LAs); the separate collection of food waste; the free collection of garden waste for all households; and a requirement for businesses to present recycling and food waste separately from residual waste for collection.
<b>Submission type</b>	Impact assessment (IA) – 17/12/2020
<b>Policy stage</b>	Consultation
<b>Legislation type</b>	Secondary legislation
<b>Implementation date</b>	2023
<b>RPC reference</b>	RPC-DEFRA-4341(2)
<b>Opinion type</b>	Formal
<b>Date of issue</b>	5 March 2021

## RPC opinion

Rating <sup>1</sup>	RPC opinion
<b>Fit for purpose</b>	<p>The IA is now fit for purpose, after being revised in response to the initial review notice (IRN) issued by the Regulatory Policy Committee (RPC).</p> <p>On first submission the IA did not consider alternatives to regulation. The revised IA has been amended to consider non-regulatory or voluntary options. The IA explains clearly the rationale for intervention and its identification of business impacts is proportionate at consultation stage.</p> <p>At final stage, the IA should include a monitoring and evaluation plan specific to this proposal and should also quantify all currently non-monetised impacts or explain why it is not proportionate to do so.</p>

<sup>1</sup> The RPC opinion rating is based on the rational, appraisal of options, identification of impacts and quality of the SaMBA, as set out in the [better regulation framework](#). The RPC rating will be fit for purpose or not fit for purpose. Informal submissions will not have a rating and are not for publication.

## RPC summary

Category	Quality	RPC comments
Rationale and options	<b>Satisfactory</b>	The revised IA discusses alternatives to regulation that were considered and describes the rationale for intervention well. The RPC commends the Department for its explanation on why it has chosen not to pursue certain regulatory options.
Identification of types and areas of impacts	<b>Satisfactory</b>	The IA has identified most of the impacts of the proposal. At final stage, the Department should quantify non-monetised impacts or explain why it is not proportionate to do so.
Small and micro business assessment (SaMBA)	<b>Good</b>	The SaMBA section of the IA contains a detailed summary of business size for the Non-household Municipal Waste (NHM) Sector. It also explains that the Department intends to exempt micro businesses and that work is already being undertaken to investigate further options that could reduce the cost burden to small and micro businesses.
Cost-benefit analysis	<b>Satisfactory</b>	The cost-benefit analysis is proportionate for the proposal at this stage. We suggest that the Department should use consultation to gather data and evidence to strengthen its assumptions and test its initial costings to assist in creating a robust final stage IA.
Wider impacts	<b>Satisfactory</b>	The RPC commends the Department for its inclusion of analysis into the impact of greenhouse gas emissions on the environment. The IA would benefit from including discussion on whether it is possible to mitigate the costs for deprived and rural areas.
Monitoring and evaluation plan	<b>Satisfactory</b>	The RPC commends the Department for its consideration for monitoring and evaluation at this stage. The IA could be improved through an explanation on whether the Department has considered using consultation to improve its strategy. At final stage, the IA should include its own specific monitoring and evaluation plan and not reference an external document.

## Response to initial review

The RPC reviewed the initial IA and issued an IRN, stating that it was not fit for purpose because the Department had not considered non-regulatory or voluntary options. In the revised IA, the Department has sufficiently addressed the concerns raised in the IRN, and the RPC now considers the IA to be fit for purpose. The Department has also made amendments in the revised IA on other areas such as consideration for the effects of Covid-19 and the Rationale for Intervention.

## Summary of the proposal

The purpose of this IA is to support the second consultation on consistency in household and business recycling collections in England. The Department published the summary of responses from the consultation in 2019. Since then, work has been completed to refine the economic analysis and to incorporate more detailed policy proposals and new evidence where possible.

The scope of this IA covers municipal waste<sup>2</sup>, which includes the non-household municipal sector (NHM) and waste collection from households. These sectors are treated differently because of the more complex nature of the NHM sector, which arises from its diversity and the absence of a ‘middle-man’ between businesses and the waste collectors, a role fulfilled by the Local Authority for households.

The proposed option for households is the consistent collection of dry recyclables under collections systems with the lowest cost at a Local Authority level for low rise properties, collection of key dry recyclables at flatted properties, fortnightly residual collections, separate weekly food waste and free fortnightly garden waste collections. The proposed option for the NHM sector is for businesses to separate waste into residual, mixed dry recyclables, separate glass and food waste collections. Micro-sized firms, those who employ less than 10 employees, are exempt in this policy option.

### Impacts of the proposal

The main monetised benefits of the proposal contained in the IA are the savings from removed garden waste charging which are estimated at £1,318 million over the total appraisal period, the saving to the NHM sector of £5,611 million due to reduced landfill tax payments and £3,863 million from carbon savings, both traded and non-traded.

The IA also monetises an increase in costs for LAs of £931 million, of which £726 million are transition costs which including investment in new vehicles and containers. Further, the IA estimates that LAs will see a reduction of income from the current garden waste charging scheme equal to £1,318 million, the NHM sector will incur an increase in waste management costs of £351 million and Government income will fall by an estimated £6,143 million from reduced landfill tax receipts.

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<sup>2</sup> Municipal waste: household waste and waste similar in nature and composition to household waste from households, businesses and public sector organisations.

## Rationale and options

### Options

In the IRN the RPC stated that the IA must consider voluntary or non-regulatory options and explain why they are unlikely to achieve the desired outcome. The RPC commends the Department for its inclusion, in the revised IA, of discussion on non-regulatory options that have been considered and for explaining why these options have been discounted from further analysis. The revised IA also explains that policies such as educational schemes, national guidance and business support have previously been implemented and have not been sufficient in reaching policy goals.

### Rationale

In the IRN the RPC noted that the IA explained, as part of its rationale for intervention, that the current waste collection system has led to confusion around what can be recycled. The IRN also noted that this was not strongly supported by the evidence presented in the IA, unless people regularly move between municipal areas. The RPC welcomes the amendments the Department has made to the revised IA, clarifying that the main objective of the proposal is to address environmental externalities and that the proposal will result in households across the country experiencing the same level of service.

### Evidence to support the rationale for intervention

In the IRN the RPC stated that the Department must seek to provide evidence to support the rationale for intervention and welcomes the additional narrative in the revised IA. However, the Department should provide additional evidence to further justify that the increases of recycling rates in the NHM sector, forecasted by the IA, will occur as a result of the policy proposal.

### Household incentives

In the IRN the RPC stated that the Department should discuss the impact low household storage space might have on the success of policies which require more containers per household and explore household incentives to recycle where LAs opt to collect recyclables in three separate containers as opposed to one mixed container. The RPC welcomes the addition of survey data to page 78 of the revised IA. However, the IA could discuss the impact of the survey findings on the policy proposal in greater detail.

### LA incentives

The IA does not consider the implications of LAs choosing to dispose of waste using the least costly method. The IA states that LAs will need to meet minimum standards but does not include detail explaining these standards. The Department should define the minimum standards and if appropriate provide analysis on possible costs.

## Identification of types and areas of impacts

The RPC does not validate the EANDCB calculation in consultation stage IAs. However, we commend the Department on its efforts to quantify the EANDCB, which

will help consultees better understand the potential impacts of this proposal. The IA monetises and includes landfill tax savings in the EANDCB calculation. At final stage, the Department should seek advice from BRE to help justify its treatment of landfill tax savings in the IA as tax impacts are usually out of scope of the BIT.

### **Non-monetised impacts**

At consultation stage, the Department should identify impacts and explain how consultation will be used to improve analysis. In the IRN the RPC stated that the IA does not explain how consultation will be used to assist in the quantification of non-monetised impacts. The RPC welcomes the additional narrative in the revised IA explaining the areas that will be enhanced through consultation. However, the Department could explain in more detail how consultation will be used to fill evidence gaps or explain why it is not proportionate to do so.

The Department states that recycling is a more labour-intensive economic activity than residual waste treatment. However, the IA does not provide initial evidence, from the first round of consultation, to support this claim and does not consider that, with growing rates of recycling, new technology may cause recycling to become more capital-intensive. The Department could gather evidence during consultation on the likely change in employment and quantify the impact on jobs at final stage or explain why it is not proportionate to do so.

### **Counterfactual/baseline**

The IA contains a satisfactory baseline at this stage. However, at consultation, the Department should test the assumption that *“the recycling rate remains unchanged from year to year over the period covered across all business sizes”* (Page 31). While the RPC acknowledges that recycling rates have not changed over the last 5 years, given consumer pressure and other factors the Department could improve the IA through consideration of the likelihood of a projected increase in business recycling in the absence of intervention.

At final stage, the Department should provide explanation and evidence to justify assumptions used in the counterfactual. These assumptions include that LAs are unlikely to amend their processes in the absence of intervention. The Department should consider the effects of budget changes or public pressure. Also, the IA should provide evidence to support the assumption that there is no potential for change in infrastructure provision, for example in Material Recovery Facilities.

## **SaMBA**

The IA includes detailed analysis on the proportion of waste generated by small and micro businesses (SMBs), as well as the total number SMBs in relevant sectors. The IA also considers the different methods of waste collection used by firms of differing size.

While the RPC acknowledges that micro businesses are exempt from the proposal and that the IA states *“we are continuing to investigate further options that could reduce the cost burden to SMBs”*. The IA could be improved through discussion on how consultation will be used to assist the Department in this endeavour. At final

stage, the IA should include discussion on the mitigation methods that have been considered and should also include a narrative explaining why the Department has made the decision to incorporate, or not to incorporate, mitigation for SMBs into the proposal.

## **Cost-benefit analysis**

The IA explains that increased presentation rates of recyclable materials would reduce collection charges for businesses due to improvements in the efficiency of collection. However, because of the complexity of charging, the IA does not assume there will be a future reduction in container charges. At final stage, the Department should provide scenario analysis to demonstrate the potential effects, especially if the likelihood and scale of the reduced charges are considered to be high, testing this via the consultation. At final stage, the IA could also provide more detail on transitional activities and discussion of the impacts of the proposal on the recycling sector and secondary material market which will likely arise from increased workload.

The IA provides detail on and explains the likely costs associated with communication campaigns but could expand on their effectiveness. In order for there to be a behavioural change and higher recycling rates, households and businesses will have to engage with guidance and information campaigns. The IA should consider the importance of this and contain a narrative explaining in more detail how the Department intends to ensure this takes place.

### **Evidence and data**

The IA draws on robust evidence and data sources as well as a previous consultation to estimate the impacts of the proposal. However, the IA appears to rely heavily on data from WRAP and while the RPC acknowledges that WRAP analysis is both internally and externally reviewed, at final stage, the IA should explain how this data is collected. This should include whether it makes use of data sources from organisations such as LAs or waste management authorities. Other evidence should also be used to support the IA and wherever possible the Department should seek to obtain independent evidence from stakeholder events. This would be particularly useful in relation to the cost of communicating the changed regime to households and small businesses.

In the IRN the RPC stated that the IA would also benefit from the inclusion of figures on how many households are considered flatted properties and how many are considered kerbside properties, to better understand the scale of the proposal. While the RPC acknowledges that the revised IA contains explanation on how the number of flats is estimated (page 63) and links to an external document, the figures could be included in the IA.

While the RPC acknowledges the IA contains national NHM figures it could be improved at final stage through the inclusion of sectoral or regional data. Further, at final stage, the IA should also explain if waste collection for items such as nappies, paint disposal or waste cooking oil from the NHM sector interact with this policy proposal.

## Covid-19

In the IRN the RPC raised concern that the IA did not contain consideration for the possible effects of Covid-19 on the proposal. The RPC commends the Department for the inclusion of Annex G: Covid-19 considerations in the revised IA. At final stage, the Department should expand on its analysis, including greater detail to assess both the effect that changes in working patterns could have on the volume and location of household and non-household waste and the impact that the shift to online and food retail could have on the volume of household disposal materials.

### **Uncertainty, risks and assumptions**

At final stage, the Department should provide evidence that it has tested its assumptions including the length of transition period for household collection changes and that recycling rates in the NHM sector will increase as a result of the proposal (Figures appear to be dependent on how businesses react to the policy.)

Further, the IA states that combined mixed food waste and green waste is less efficient than weekly collection of a separate kerbside food waste container. At final stage, the Department should provide evidence that this assumption is valid where LAs already operate the former system for use in digestors and the product is sold to the public.

### Sensitivity analysis

The RPC commends the Department for its use of sensitivity analysis. At final stage, it will be important to estimate the policy costs placed on LAs as accurately as possible, using sensitivity analysis in this area where necessary.

### **Methodology**

The Department states on page 61 of the revised IA that material incomes are accounted for in sorting costs. At final stage, the IA should explain in more detail the mechanism for buying and selling recycled material to give a more comprehensive breakdown of the sector.

## **Wider impacts**

At final stage, the IA should include consideration of whether this measure would impact innovation, competition and investment. The Department should also provide a qualitative assessment on impacts on trade using guidance produced by DIT and the BRE.

### **Equity/distributional impacts**

The RPC welcomes the Department's analysis on the distribution of recycling rates across socioeconomically diverse households. The IA mentions that WRAP research showed that '*the level of economic deprivation and level of rurality are two important contextual factors that have a significant impact on kerbside recycling performance and collection service efficiency.*' Therefore, the IA would benefit from discussing how the Department might mitigate these disproportionate costs, and their impact on the residents of the relevant LAs.

## Monitoring and evaluation plan

The RPC commends the Department for its consideration for monitoring and evaluation at this stage. The IA references the ‘Evaluation Plan’ document which explains how policies will be evaluated under the Resources and Waste Strategy (RWS) for England. This plan includes a detailed explanation on how the Department intends to proceed and the IA states that it will complete a Monitoring Progress Report annually and a Post Implementation Review (PIR) in 2028/29.

The IA would be improved through discussion on how the Department intends to use consultation to improve or refine its current approach. At final stage, the IA should contain a monitoring and evaluation plan specific to this policy, setting out its success criteria and data that would be collected to measure its impacts.

## Other comments

### Wider policy interactions

The RPC commends the Department for considering the effects of a Deposit Return Scheme (DRS) for drinks containers on the baseline for the proposal and for including the effects of the Extended Producer Responsibility (EPR) scheme on waste management costs.

### International comparisons

The IA could be improved by including evidence from international initiatives, for example in Japan or the Netherlands. Early lessons could also be learnt from the initiatives and pilots launched by the Scottish Government.

## Regulatory Policy Committee

For further information, please contact [regulatoryenquiries@rpc.gov.uk](mailto:regulatoryenquiries@rpc.gov.uk). Follow us on Twitter [@RPC\\_Gov\\_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website [www.gov.uk/rpc](http://www.gov.uk/rpc).