## 2.0   Context – Needs and barriers

This chapter sets the context and provides the drivers for implementing and running a commercial recycling collection service. By the end of this stage in the service planning process you will understand:

✓ What the drivers are for collecting commercial recycling;
✓ Which key pieces of legislation are pertinent to your services;
✓ What the barriers are for SMEs to recycle and how to design your service to overcome them; and
✓ What the scale of the market is.

2.1   Developing the business case – drivers for collecting commercial recycling

Whilst readers of this guide are likely to know what key drivers they have for initiating/improving a commercial recycling service, it may be beneficial to consider other drivers too. This may be helpful **when writing a business case** and can help inform the overall service. The most common drivers for collecting commercial recycling identified by local authorities across the UK are outlined below[1].

Figure 1: Drivers for the introduction of a commercial recycling service

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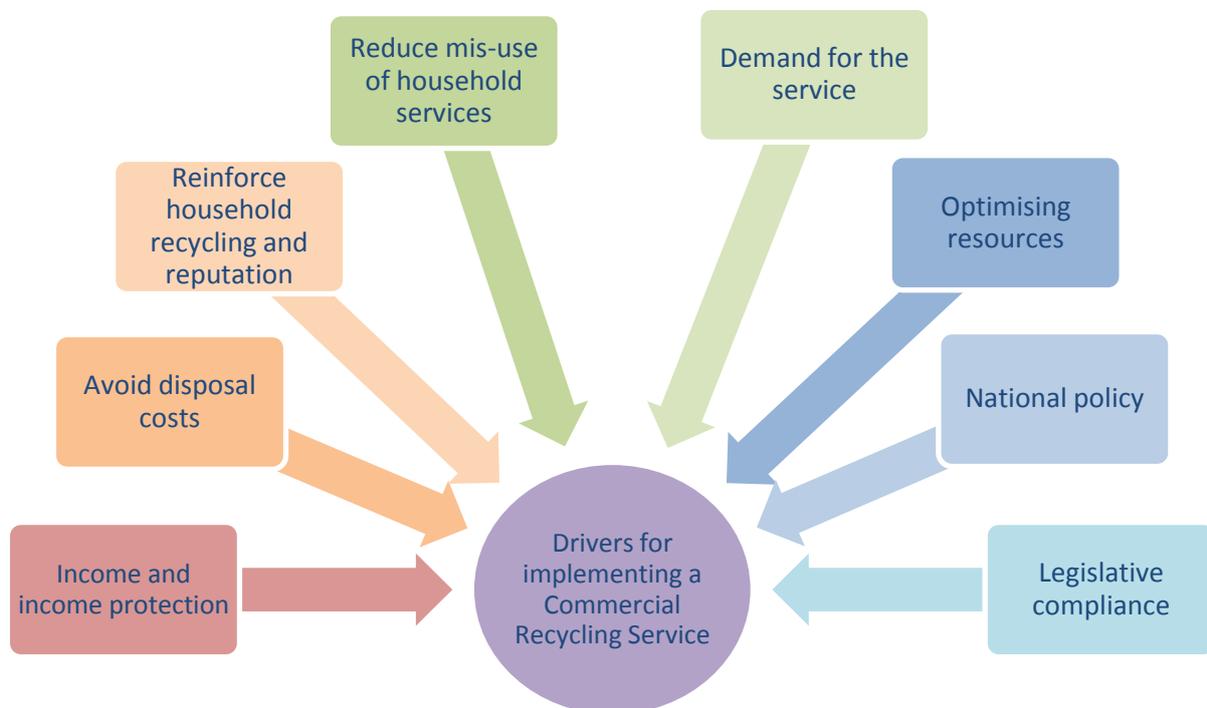
[1] *Local authority business waste and recycling services surveys 2012,* <ins>http://www.wrap.org.uk/category/subject/business-collections</ins>

2.1.1 Income and income protection

Local authorities are able to recover all the costs associated with providing a commercial waste/recycling service. In addition, under section 95 of the Local Government Act 2003[2] an authority may set up a wholly council owned trading company to deliver commercial waste/recycling services. Offering a comprehensive recycling service will help **protect income** generated from residual waste customers who may demand recycling services as well and wish to use a single supplier. There are opportunities for authorities collecting dry recyclables from commercial customers to **maximise income from the sale of these materials**.

2.1.2 Avoiding costs and a thriving economy

For **Birmingham City Council** one of the drivers to roll out commercial paper recycling was safeguarding jobs at a local paper mill.

Local authority strategies are likely to include economic aspirations and indicators which, in many cases, are linked to sustainable development. A thriving economy is very much linked with the profitability of its local businesses. With landfill tax and the cost of disposal rising, waste management is an increasing cost burden to small businesses, reducing their profits. They should be able to mitigate these costs through waste reduction and recycling strategies. In addition to this, another driver for a local authority to introduce commercial recycling services may be the desire to create or safeguard 'green jobs'.

2.1.3 Reinforce household recycling and reputation

Providing a commercial recycling service could mean a local authority is seen to be leading by example. Enabling and encouraging businesses and their staff to recycle at work will **reinforce the message that recycling is part of daily life** which may, in turn, help increase household recycling rates.

Fareham Borough Council use the slogan: **"recycle at work as you do at home"**

Canterbury City Council call upon employees to **"Take your good recycling habits to work with you"**

2.1.4 Reduce mis-use of household services

A 2010 Defra survey[3] revealed that **41%[4] of English micro businesses use household services to dispose of and recycle their waste**. This is through the use of both domestic collection services and HWRCs. Such practices, especially for residual commercial wastes, place a burden on local authorities where there is no cost recovery from businesses.

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[2] http://www.legislation.gov.uk/ukpga/2003/26/contents

[3] Recycling activities in SMEs – a survey, Defra 2010

[4] http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=16965

2.1.5   Demand for the service.

The Federation of Small Businesses reports that **95% of small businesses would recycle more if they had access to better facilities**[5]. Providing a commercial recycling service that is accessible and provides value for money would support local SMEs.

2.1.6   Optimising resources

It may be the case that many existing residual waste customers would be willing and able to adopt recycling services that are aligned with household configurations (or some variant of them) if the cost, service and environmental benefits of this approach could be demonstrated. The potential benefits to councils of introducing co-collection recycling schemes may include:

- Reduced operational costs by maximising existing vehicle capacity;
- Increased revenue generated;
- Positive effect on 'municipal' recycling performance; and
- Improved customer satisfaction with council waste collection services in general.

2.1.7   Policy in Scotland and Wales

Scotland

Scottish local authorities are encouraged to help businesses improve their recycling through the Scottish Government's Zero Waste Plan, published in 2010. It sets out the Scottish Government's vision for achieving a zero waste society, "where waste is seen as a valuable resource, valuable materials are not disposed of in landfills, and most waste is sorted for recycling, leaving only limited amounts to be treated" (Scottish Government 2010).

The Plan has set an overall target for 70% recycling/composting and preparing for re-use of all waste produced in Scotland (not just that which is managed by local authorities) and that no more than 5% of all waste is to go to landfill by 2025. For local authorities, this means they will need to take action to increase the quantity and quality of materials which they collect for recycling and composting from businesses.

SEPA's Waste Data Strategy[6] for Scotland identifies an improvement in the quality, quantity and detail of Commercial and Industrial (C&I) waste arisings, and waste recycled by economic sector as a priority outcome to be addressed. A review of the Waste Data Strategy in 2014 will assess progress.

Wales

The Waste (Wales) Measure 2010 was passed by the National Assembly on 02 November 2010 and received Royal Approval on 15 December 2010, giving the Welsh Government powers to restrict, or even ban certain wastes from landfill in Wales. The Measure:

- Enacts a provision about the destination of proceeds from charges for single use carrier bags;
- Makes provision for targets to be met by local authorities in relation to municipal waste;
- Makes provision for prohibiting or otherwise regulating the deposit of waste in a landfill; and

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[5] _FSB, 'Voice of Small Businesses' Index November 2010_

[6] Waste Data Strategy is for all of Scotland's waste data. It sets out a vision to produce high quality, robust waste data that will help society get a better understanding of how it manages its waste and resources. To achieve this vision, the strategy prioritises the improvements in data required and describes these as outcomes

- Provides for site waste management plans for works involving construction or demolition and for connected purposes.

The measure also sets out the recycling targets for municipal solid waste in Wales which are 52% by 2012-13 and 70% by 2024-25.

An Environment Bill[7] is proposed which will require separate collections of C&I paper, card, plastics, metals, food and wood. In addition, there would be landfill and incineration/EFW bans for these materials (uncontaminated).

In Wales, the overarching waste strategy document - Towards Zero Waste – provides a long term high level strategic framework, and describes the social, economic and environmental outcomes that resource efficiency and waste management will achieve and contribute towards in a sustainable future. It also details high level principles, policies and targets.

The strategy document is underpinned by a series of implementation or Sector Plans, including the Industrial and Commercial Sector Plan, describing the role and actions of each sector, the Welsh Government and others in delivering the outcomes, targets and policies in Towards Zero Waste.

Towards Zero Waste proposes a general waste reduction target of 1.4% every year to 2050 based on 2006/7 baseline for industrial waste, and 1.2% every year to 2050 based on 2006/7 baseline for commercial waste. The Welsh Government has decided to include "preparation for reuse" (that includes the composting and anaerobic digestion of waste) as counting towards the 2025 70% recycling targets set for industrial and commercial waste. Following consultation on the Collection, Infrastructure and Markets Sector Plan (that looks at what happens to the waste once it has been put out for collection and how Wales deals with its waste without sending it to landfill) the Welsh Government has set a cap on landfilling of industrial and commercial waste in Wales of 10% of waste produced in 2019-20, and just 5% in 2024-25.

In Wales, the National Strategic Indicators measuring the performance of local authorities in waste and recycling management are:
- The percentage of municipal waste (from household and non-household sources) collected by local authorities sent to landfill;
- The percentage of municipal waste (from household and non-household sources) collected by local authorities and prepared for reuse and/or recycled, including source segregated bio-wastes that are composted or treated biologically in another way; and
- The percentage of reported fly tipping incidents cleared within 5 working days.

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[7] http://wales.gov.uk/topics/environmentcountryside/consmanagement/natural-resources-management/environment-bill/?lang=en

2.1.8 Planning policy

Another policy area where local authorities can influence the improvement in standards of commercial waste management and levels of recycling and resource efficiency is planning. All planning applications for change of use or new developments should include adequate provision for waste management e.g. storage capacity for residual waste, recycling and food waste. This will enable any businesses or residents within the development to recycle in the future without potential issues of space.

Westminster City Council provides waste and recycling storage guidance to architects to help plan commercial premises, including typical space requirements: http://www.westminster.gov.uk/publications/publications_detail.cfm?ID=1121

2.1.9 Legislation

Legislation is also a driver for the provision of C&I waste services and the segregation of materials for recycling. An overview of key relevant UK legislation is presented in the following table. Some of the key pieces of legislation are explained in appendix 1.

Table 1: Overview of relevant UK legislation

	England	Wales	Scotland	Northern Ireland
Environmental Protection Act 1990	✓	✓	✓	
Clean Neighbourhoods and Environment Act 2005	✓	✓	✓	✓
Animal By Products Regulations 2005	✓	✓	✓	✓
Public Supply Contracts Regulations 1995	✓	✓	✓	✓
Local Government Act 1999 - Part 1, Best Value	✓	✓	✓	✓
Health & Safety at Work Act 1974	✓	✓	✓	✓
Environmental Permitting (England and Wales) Regulations 2010	✓	✓		
Waste Regulations (England and Wales) 2011	✓	✓		
The Waste (England and Wales) (Amendment) Regulations 2012	✓	✓		
Landfill (England and Wales) Regulations 2002	✓	✓		
Controlled Waste Regulations (England and Wales) 2012	✓	✓		
Waste (Miscellaneous Provisions) (Wales) Regulations 2011		✓		
Waste (Wales) Measure 2010		✓		
Animal By-Products (Scotland) Regulations 2003			✓	
Waste Regulations (Scotland) 2011			✓	
Waste Regulations (Scotland) 2012			✓	
Special Waste Regulations 2012			✓	
Waste Information (Scotland) Regulations 2010			✓	
Waste Management Licensing (Scotland) 2011			✓	

	England	Wales	Scotland	Northern Ireland
Waste Electrical and Electronic Equipment Regulations 2006	✓	✓	✓	✓
The Waste Contaminated Land (Northern Ireland) Order 1997				✓
The Waste Regulations (Northern Ireland) 2011				✓
The Hazardous Waste Regulations (Northern Ireland) 2005				✓
Animal By-Products (Northern Ireland) Regulations 2003				✓

2.2 Understanding customers' needs and barriers to recycling

Understanding both your customers' needs and their barriers to implementing a recycling scheme is a high priority in order to develop a service that meets their requirements. This information should also help inform the sales and marketing strategy for your service.

2.2.1 Barriers for SMEs

Key barriers to SME recycling are outlined below, along with potential measures to overcome them.

According to SMEs in the 2010 DEFRA survey, the **top 5 drivers** for a business to implement a recycling scheme include:

- Company's environmental policy;
- Need to reduce carbon footprint;
- Government legislation;
- Cost (less money spent on residual waste collection); and
- Environmental reasons.

Table 2: Understanding and overcoming barriers to SME recycling

Barriers	Measures to overcome
Low volumes of materials ■ SMEs can generate relatively low volumes of recyclable materials and, therefore, it can be difficult to collect the materials on a commercial basis ■ Low volumes, or the perception of producing low volumes, were cited as the key reason for SMEs not recycling in Defra's 2010 study of Recycling Activities in SMEs	■ Collect from a high number of businesses in as dense an area as possible or encourage a number of businesses to collaborate to purchase the service together. ■ Where appropriate, co-collect household and commercial materials for maximum collection efficiency ■ Conduct waste audits to determine actual volumes. N.B. Defra's 2010 study of Recycling Activities in SMEs questions whether low volumes are an actual barrier or whether low volumes are a perception[8] ■ If the data is available, it may be useful to show the collective impact of the majority of SMEs within a certain area recycling i.e. while individual quantities of material may be low,

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[8] Recycling Activities in SMEs, Defra survey, 2010 page 33

Barriers	Measures to overcome
	■ collectively they may be high ■ Consider commercial <u>recycling bring/drop-off centres</u>
Cost and Volumes ■ Because volumes can be relatively small, it can be difficult to demonstrate cost savings	■ As landfill tax escalates, the cost difference between landfill waste and recycling will grow, making recycling increasingly financially attractive ■ Work with businesses individually to work out their waste management needs with the aim of reducing residual waste collection and introducing recycling ■ Highlight the environmental and social benefits of recycling
■ **Lack of service provision** (this may be particularly pertinent to rural areas)	■ <u>Survey businesses to understand demand and supply</u> ■ Develop services where appropriate
Lack of awareness of recycling services ■ SMEs unaware of existing/new recycling services	■ <u>Better promotion of services</u>
Lack of information on available services ■ Difficulties in accessing information about those who provide recycling services locally	■ <u>Better promotion of services</u>
Lack of time/ resources ■ SMEs will not usually have a dedicated member of staff responsible for environmental initiatives. There can therefore be a lack of internal resource to establish and manage a recycling scheme. There may also be concerns that staff will not participate	■ Engage with key decision-maker ■ Encourage use of 'green champions' ■ Provide <u>training/promotional materials</u> for internal use e.g. bin signage and posters ■ Ensure the service is as user friendly as possible ■ Have a 'walk round' the business to identify where internal containers could be sited
Cost ■ Business perception that recycling should be free of charge and/or included in business rates ■ Depending on the volume of	■ One to one engagement with businesses so they understand the pricing structure and how it compares with residual waste and why ■ Provide <u>case studies of businesses</u> that are saving money by recycling ■ Reduce container capacity/frequency of

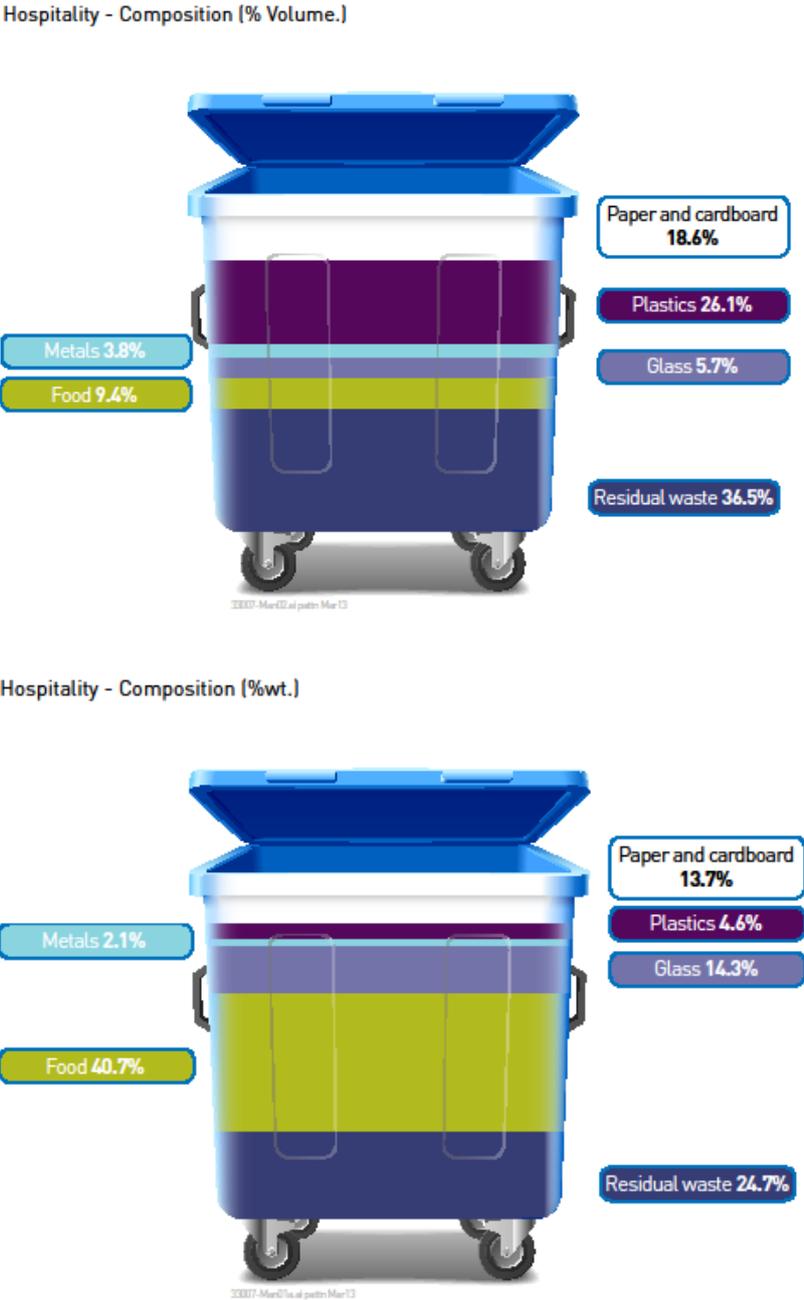| Barriers	Measures to overcome
material produced and whether the existing service configuration can be changed, then adding a recycling collection will be an additional cost	collection of residual waste
Cost and mis-use of household services ■ Many SMEs – particularly micro businesses - use household services, both knowingly and unknowingly. If they are using this service 'for free' why would they pay for a service? ■ SMEs that operate from their personal residence are able to dispose of waste/material within their household collection service. If the quantities of material produced are greater than their household containers the authority can charge for additional capacity under the <u>Controlled Waste (England and Wales) Regulations 2012</u>.	■ Introduce <u>commercial waste/recycling to HWRCs/ transfer stations</u> where appropriate ■ Carefully explain the issues to mis-users – many of them will just be trying to do 'the right thing'. ■ Inform businesses of waste legislation – Duty of Care and Pre-treatment ■ Introduce permit schemes at HWRCs to reduce mis-use ■ Ask collection crews to be vigilant and report back suspected cases ■ Inform trading standards and other officers who have contact with businesses e.g. Environmental Health about Duty of Care etc. and ask them to report back suspected cases
Tight cash flow ■ Cash flow can be problematic for businesses. Businesses may not want to procure any new services, particularly if long term contracts are required	■ Payment monthly by direct debit ■ 'Pre-paid' sacks ■ Shorter contract lengths e.g. 6 months ■ Demonstrate potential cost savings through one-to-one support and <u>case studies</u>
Cost/time ■ Perception that any cost benefits may be outweighed by the administrative time in setting up new arrangements when business is focussed on surviving and competing	■ Payment monthly by direct debit ■ One-to-one support ■ Provide training materials/sessions ■ Ensure service is easy and convenient
Space ■ SMEs may lack space to collect and store materials for recycling. This can be a particular issue in urban areas	■ Provide flexibility in terms of containment options and/or more frequent collections
Contamination/staff unwilling ■ Expectations from business	■ Provide training materials/sessions ■ Encourage use of 'green champions' (in larger

Barriers	Measures to overcome
owners/managers that staff will not be keen to participate in recycling schemes and that it will be difficult to ensure segregation of materials occurs	businesses) ■ Provide case studies of successful SMEs ■ Highlight social and environmental benefits of recycling as well as cost savings ■ Provide internal containers
Contracts ■ Businesses believe that they are 'locked' into a contract which they are unable to change to introduce recycling and/or change residual collections	■ Businesses to speak to contractors to find out what they can/can't change ■ Businesses to check their contracts, including when renewal dates are coming up as well as ensuring that they compare total costs e.g. private companies may include separate charges for Duty of Care
Centrally managed contracts ■ Some businesses do not procure goods or services on site, but have these managed by Head Offices	■ Ensure contact with key decision-maker ■ Contact head office ■ Inform businesses about Pre-treatment (Landfill regulations 2002) and Waste Regulations (2011/12) requirements ■ Contact the service provider and ask them to consider sub-contracting
End use doubts ■ Doubts as to whether materials are being sent to landfill regardless or 'dumped' in developing countries	■ Provide simple audit information ■ Inform people of end-of-use ■ Invite businesses to tour of MRF/sorting facilities (where possible) ■ Feedback from MRFs on input/output/contamination/ rejection levels and recycling rates
Hygiene and odour concerns ■ Particularly relating to food waste	■ Clear communications and support ■ Use of liners ■ Frequent collections
Need for confidentiality	■ Provide information on security ■ Provide service for shredded paper

2.3   Barriers for SMEs – food waste

A key barrier for some SMEs taking up food waste collection services is that they do not produce enough volumes of food waste to reduce their residual waste collection requirements and therefore make the addition of a food waste collection service cost neutral. The issue is highlighted through the figures below. Figure 4 highlights that the proportion of

food waste in the hospitality sector is high in terms of weight (41%), however, by volume this equates to less than 10%. This means that the volume of residual waste may not be reduced enough to warrant reducing the residual waste bin size or reducing the frequency of collection. Because the vast majority of service providers charge for waste/recycling based on volumes, not weight, it means that separate food waste collections would be an additional cost. Typically, WRAP research[9] shows that businesses need to be producing more than 40 kg of food waste per week for a collection to be viable.

Figure 2: Typical hospitality business's residual waste bin - composition vs. weight

Hospitality - Composition (% Volume.)

Paper and cardboard 18.6%
Plastics 26.1%
Metals 3.8%
Food 9.4%
Glass 5.7%
Residual waste 36.5%

Hospitality - Composition (%wt.)

Paper and cardboard 13.7%
Plastics 4.6%
Metals 2.1%
Glass 14.3%
Food 40.7%
Residual waste 24.7%

Other barriers include:

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[9] *Food waste collections to SMEs – Developing the Business Case*

- Hygiene and smell concerns – therefore there may be a preference for collections to be early in the week in order to remove food waste generated over the weekend
- Lack of storage space
- 'Hassle' of additional segregation