

DRS Workshops

Summary Report

Scottish Waste & Resource
Management Sector 2019

This short summary report is based upon key findings from DRS workshops which took place on Friday 15th November. Representatives from the following organisations were in attendance:

- Resource Management Association Scotland (RMAS)
- Scottish Environmental Services Association (SESA)
- Chartered Institute of Waste Management (CIWM)
- Waste Managers Network (WMN)
- Zero Waste Scotland (ZWS)

Engagement with Industry

There is an immediate need for ZWS and the Scheme Administrator to engage on an on-going and formal basis with the Scottish Waste & Resource Management Sector.

Proactive engagement to fully understand and utilise the sectors' extensive experience, expertise and existing infrastructure will ensure the carbon, environmental and economic benefits of introducing a DRS in Scotland are optimised.

There is a recognition and understanding that DRS will undoubtedly change and impact on the Scottish Waste & Resource Management Sector with high value recyclates diverted from existing collection and reprocessing facilities.

However, regulatory changes are not new to the sector and as such we as an industry have a proven track record of adjusting to change, delivering compliance within any new regulatory frameworks, and realising new commercial opportunities.

We as a sector have significant collection, sorting and reprocessing experience and expertise and are well placed to work with the Scheme Administrator to help support the timely and effective implementation of the DRS in Scotland.

We understand that the following groups to support the implementation of DRS are established - the Implementation Advisory Group, three working groups focused on the (1) Scheme Administrator, (2) Retailers and (3) Producers and a Programme Board.

To date there has been no opportunity for the Scottish Waste & Resource Management Sector to provide expertise and input into any of these groups, and we as a sector, and our representative organisations (CIWM, SESA and RMAS) would welcome the opportunity to do this, whether as part of the Programme Board, Implementation Advisory Groups, or any of the other working groups.

The Use of Existing Infrastructure and Working with the Sector

ZWS and the Scheme Administrator should engage with the Scottish Waste & Resource Management Sector now to build a DRS that utilises and expands the existing landscape of Scottish Waste & Reprocessing Facilities, including the collection, waste transfer and reprocessing infrastructure.

Modelling the carbon, economic, and environmental benefits and impacts with, and without the use of existing infrastructure should be completed to inform how best to optimise the scheme development and implementation. The impacts on existing facilities that will undoubtedly arise should be identified and appropriate mitigation measures suggested.

A detailed business case should be produced based on this modelling to help inform the delivery of the most effective and efficient DRS for Scotland. This should clearly set out the detailed mechanisms by which existing, modified and new Scottish Waste & Reprocessing infrastructure could be used to deliver part of the DRS landscape.

The Scottish Waste & Resource Management Sector Industry is well placed to bid for all DRS scheme components, from collection, logistics, sorting at MRFs, providing reprocessing capacity to running the counting centres.

Members within the sector also have direct experience of running packaging compliance schemes and are therefore equally suited to apply for the role of scheme administrator.

Clarification is sought that the appointment of the Scheme Administrator and all other DRS services, support and sub-contracting opportunities are conducted using an open, fair and competitively tendered process.

Concerns were also raised that in the short term there may be a reliance on the existing Waste & Resource Management Sector which would diminish as the DRS is established. The SME sector sought assurance with regards the on-going commercial opportunities, and the lengths of contracts.

The Scottish Waste & Resource Management Sector have specifically identified they could support the Scheme Administrator to:

- Collect from RVMs (~85%) and manual take back locations (~15%). Existing vehicles could be adapted (where possible) to collect DRS materials and other materials (DMR and Residual Waste) at the same time. It is envisaged that SME operators and Local Authorities will have a crucial role to play in the collection from manual take back locations;
- Provide DRS bulking points using existing transfer and MRFs;
- Sort and process DRS Material at MRFs – via plant modifications or using batch operations;

- MRFs could also capture any drinks containers incorrectly disposed of in other recycling streams, to be returned to the Scheme Administrator;
- MRFs could also be used to capture any DRS materials incorrectly disposed of in DMR;
- Collect, sort and process DRS glass. Broken rather than 'in-tact' glass could be collected as Scotland already has the capacity to sort and process colour-mixed, broken glass for re-melt;
- Develop and operate the Counting Houses; and
- Support the development, and investment for PET reprocessing capacity in Scotland.

Engagement with the Scottish Waste & Resource Management Sector to develop a detailed understanding of the opportunities to use the existing infrastructure with due recognition of the requirements including the lead in times to enable both modifications and new infrastructure to be procured and adapted to best meet the needs of the DRS.

For example, for collections the main changes would be in the design of vehicles, allowing where possible the collection of DRS material along with other waste streams. The Scheme Administrator should be made aware of the lead in times involved in liaising with vehicle manufacturers on vehicle specifications and in the procurement lead in times.

For example sufficiently long transition periods will be required to allow the industry to adapt existing infrastructure to accommodate DRS. There is the scope to explore using some existing MRFs and transfer stations as DRS bulking points, but these may need to be modified to ensure site security, isolation of DRS materials, health & safety, and capacity for non-compacted materials.

For example MRFs may also need to be modified to accommodate the processing of materials received as a result of DRS, with the majority of materials having to be processed as individual feedstocks (PET, Glass, and Metal) rather than as one mixed feedstock. It is envisaged that amendments to the plants would take a number of years to complete.

The timescale for the roll-out of DRS by 1st April 2021 is considered to be overly ambitious given the time taken for waste management licensing, registration of exemptions, procurement, lead in times etc.

Take back via RVMs was identified as being less complex than the over the counter take back mechanisms and consideration could be given to a phased approach with RVMs being implemented initially.

Impacts identified across the Sector included:

- Implications for resource management contracts and the impacts on existing waste and recycling infrastructure.
- Impacts on the operations of existing MRF facilities with the loss of DRS from DMR. The industry will likely respond with fewer, larger MRFs, which could be strategically located to benefit DRS.
- Potential impact on TUPE. Clarification sought if the Scheme Administrator would be required to transfer staff from DMR to DRS.
- The collection of DRS material from the manual take back locations could be problematic due to small tonnages spread over large geographic areas. The carbon impacts of potentially collecting multiple times from the same premises needs to be mitigated by ensuring the use of existing collection services are optimised.

- Reduction in commercial collection volumes for out of scope materials, the financial impact for collectors with the high value materials being removed.
- Increased costs, increased frequency of collections, contract fee rates increases due to remaining materials, and uncertainty over future gate fee rates.
- The requirement to review existing commercial collection contracts to ensure customers will still receive an optimum service, with a recognition that KPIs may need to change. This will involve looking at the design of future services to take into account reduced volume of materials, customer charges, routing and frequency of collections, staffing and vehicle resources, and accepted materials.
- Security, safety and storage concerns associated with the collection of DRS 'in-scope' materials from retailers; especially in the context of having to collect glass 'in-tact'.

- DRS materials backhauled by retailers using their existing distribution networks could have a negative impact on the development of the reprocessing capacity within Scotland.
- The costs and benefits to individual local authorities of removing higher value items from kerbside collections.
- 'De-valuation' of out of scope materials by commercial customers and the public which may lead to a reduction in value and performance of recycling from existing services once the high value materials are removed.

Further modelling and assurances/clarifications sought by the Scottish Waste & Resource Management Sector included:

- Modelling for the hospitality sector to identify the impact of the introduction of DRS on their existing recycling & collection systems.
- Modelling for the transitional period towards DRS implementation to support the sector to further identify risks, impacts and opportunities.

- Clarification as to how logistics will operate for on-line take backs of 'in-scope' materials. Will the delivery vehicle take back all in-scope materials or only those supplied directly by them.
- Funding to support industry and local authorities transitioning to DRS implementation. Funding for modelling, impact assessments, waste analysis, and communications support.
- Development of a national map at the regional level to highlight logistic opportunities, coverage, reprocessing infrastructure and capacity to support DRS.
- Further information about how Counting Houses are operated, and the number and locations required for DRS.
- Impact on recycling targets.
- Revisions required to the Household Recycling Charter and the Code of Practice.

Building Reprocessing Capacity within Scotland

Given that Scotland is set to deliver DRS ahead of the rest of the UK this provides a real opportunity to attract investment at the outset to support and optimise domestic reprocessing capacity.

This should be viewed as a priority and in the absence of specific legislation, there should be some mechanisms by which this indigenous capacity for reprocessing within Scotland is promoted rather than sending the material elsewhere in the UK or exporting to other destinations.

This could be enabled by a series of actions for example: more robust enforcement of TFS, PRNs adjusted to reflect actual quality, packaging recycling targets split between domestic and export outlets, weighted in favour of the former.

Within the DRS regulations there could be the inclusion of a mechanism to encourage reinvestment by ensuring there is the use, and further development of indigenous reprocessing capacity for all of the 'in-scope' materials within Scotland to optimise the opportunities of DRS.

This could be assessed on an on-going basis using the % of recycled tonnage for each DRS 'in-scope' material reprocessed in Scotland. This mechanism could also be considered through the EPR regulations (or both).

The Scheme Administrator should report annually on the net economic and carbon impacts of the DRS both for the implementation and operational phases.

The Scheme Administrator should also report annually on the total packaging recycled via DRS and the associated economic and carbon costs per tonne. This should be reported for both DRS and EPR to assess on a continuing basis the impacts of each of these key policies.

The existing glass reprocessing facilities operating in Scotland should be used for glass collected in the DRS to further support the domestic reprocessing capacity. Scotland already has the capacity through existing infrastructure to sort and process colour-mixed, broken glass for high quality recycling; i.e. high recovery rate of glass to re-melt. There is simply no need for glass to be collected and transported intact to achieve glass recycling for re-melt. Glass shards > 6 – 8mm are capable of being re-melted with the remainder being used for aggregate with both routes offering carbon benefits.

The vast majority of glass bottles and jars in the UK goes into re-melt, refilled or for use as aggregates. However the capacity within the UK is insufficient to turn all bottles and jars back into bottles and jars. Alternate end markets as well as aggregates include insulation materials and water filtration medium. Glass aggregate is often targeted at low quality materials such as poor quality MRF glass.

The UK system has a split target under the packaging regulations; one for re-melt and one for aggregate. There is scope to increase the demand for re-melt and for the capacity for bottle remanufacturing plants.

With domestic glass reprocessing capacity already in place, investment in domestic PET reprocessing capacity provides the industry with an investment opportunity. Companies already operate polymer reprocessing facilities elsewhere in the UK – and the experience and expertise should be utilised by the Scheme Administrator for investment decisions in Scotland.

Specific clarification is sought to understand to what extent the Scheme Administrator will support the development, and investment for PET reprocessing capacity in Scotland.

DRS and EPR Reform

Clarification is sought as to how DRS will relate to overall EPR reform, both for Scotland and across the UK to ensure this forms part of an integrated and strategic approach to packaging reform.

Clarification is required between the DRS Regulations and the Packaging Regulations to ensure that an obligated company does not end up paying twice when the DRS regulations are implemented in 2021.

Clarification is sought on the cost/benefit including the carbon implications of introducing DRS at the same time as EPR, of introducing EPR instead of DRS, and introducing DRS in the context of a UK wide scheme.

