

London Assembly Environment Committee

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Mayor of London
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12 July 2007

Dear Mr Livingstone,

RE: Making Waste Work in London, Draft Business Waste Management Strategy

The London Assembly Environment Committee regards the Mayor's Business Waste Strategy as a positive and necessary contribution to the future development of sustainable waste management in London. Our response has been prepared in the hope of supporting the successful development of this strategy and in doing so seeks that any revisions take on board the comments the Committee make with regard to the following: the role of local authorities in trade waste collection and the complications they face in competing in the market; and the role of the London Development Agency in promoting and disseminating best practice to small and medium sized enterprises.

The Committee shares with the Mayor the desire that the estimated fourteen million tonnes of waste generated by London's economy is managed more sustainably. In short, businesses need to recycle more; need to be made aware of how to manage their waste properly; and they need to have the facilities that enable them to manage their waste more sustainably readily available.

The Committee's response to the strategy has focused on waste collection and recycling from small and medium sized enterprises (SMEs) and in particular how the SME sector may become better engaged with the issues of sustainable waste management and the most effective channels through which to achieve this. Consequently our response to the strategy focuses on three areas in particular; the role of local authorities in collecting and recycling trade waste, the most effective means of promoting sustainable waste management to the SME sector, and the need to further engage the hotel and restaurant sector.

The SME sector has been an area that the Committee has focused on since autumn of last year in anticipation of this strategy. The evidentiary session the Committee held on 16 November 2006 highlighted to the Committee three pertinent issues.

- The perception from small businesses that boroughs offer little assistance to small and medium sized business to implement sustainable waste management

- The need for small businesses to receive information on what facilities are available for what materials and what are the best approaches for developing a sustainable management of waste
- The need to establish the extent to the apparent enthusiasm that there is within the SME sector for recycling more and the kinds of services and information the SME's would like to receive.

To pursue these issues the Committee commissioned a survey from GfK NOP¹ in order that the Environment Committee's response could highlight the needs of this diffuse, diverse and often hard to reach sector.

Background and headlines to the GfK NOP survey

The study comprised 330 telephone interviews and 15 in depth interviews across three sectors. The three sectors were: retail and wholesale (with a focus on cardboard); business services (with a focus on paper); and hotels and restaurants (with a focus on food). The size of business covering the SME sector is broad; from the single employee shop to a medium sized business with 250 employees. Interviews were conducted to ensure that each borough was represented. The interviews took place between 22 March 2007 and 12 April 2007.

The survey found that "[SMEs]... believe in doing their bit. They have been heightened in their awareness by activities at home in terms of home waste management and are bringing that awareness to their business as well."² For example, 77% of the SMEs questioned are already taking an active approach to sustainable waste management. This is encouraging although it should be tempered by the survey's finding that under four in ten SMEs (37%) "acted to reduce waste as much as possible, by reusing, recycling, and generally minimising waste coming into and out of the business".³

Of more concern to the Committee were the survey findings that highlighted that one in five SMEs in London admit they are not tackling their waste sustainably in any way and that 24% of SMEs throw away their paper, 26% their cardboard, and 40% their glass. These findings lend themselves to broadly support three of the desired outcomes of the strategy:

- namely that businesses need to recycle more;
- that a greater co-ordination of the various waste streams London's economy produces is required;
- that a greater awareness among the business community of resource productivity, and sustainable waste transport and management is also required;

1. The role of local authorities in handling business waste from the SME sector

The Committee has examined the role of local authorities in collecting waste from small and medium sized business, how this might be built upon and the barriers that local authorities face in competing with the private sector in collecting trade waste. The survey supported the views expressed at our November 2006 hearing, namely that the perceived role of local authorities among SME sector made them the "necessary and natural partner"⁴ in improving sustainable trade waste management.

¹ See Appendix A

² Sharon Dimoldenberg, GfK NOP, Environment Committee, 12 June 2007

³ As above

⁴ GfK NOP report, Page 16. In addition, the survey found that 68% of SMEs regard the management of their waste as their own responsibility; 22% regard it as the local authorities

The pivotal proposal in this regard in the strategy is Proposal 4. It states

The Mayor expects waste authorities to:

- *Offer and promote a commercially competitive recycling service to local businesses of at least the same materials as their household collections,*
- *Extend their organic kitchen waste services to businesses at a reasonable charge, and*
- *Accept business waste for reuse or recycling, for free, at their Reuse and Recycling Centres.*

Our response will concentrate on bullet points 1 and 3 of this proposal.

1a. The Mayor expects waste authorities to offer and promote a commercially competitive recycling service to local businesses of at least the same materials as their household collections

The success that many local authorities have enjoyed in developing a recycling culture for domestic waste collection has proved something of a double-edged sword. Encouragingly this has served as an effective prompt for many SMEs to revise their waste management procedures. However, in doing so, it has often only served to highlight the discrepancy between the levels of service on offer at home with those offered to businesses.

Although it is perhaps an unfair stick to beat local authorities with – they provide a monopoly, statutory service to collect and recycle waste from virtually all residential properties as opposed to being obliged only **to offer** a trade waste collection service as part of a wider market environment. Indeed as London Council’s submission to our review highlighted, “commercial organisations [have] the freedom to choose who will collect and dispose of their waste, with local authorities providing a fall back collection and disposal operation of last resort.”⁵

However, our survey supports the view that SMEs do not operate their waste management with this legislative distinction in mind. Many SMEs are already using domestic recycling schemes and/or council dumps for their commercial waste. Understandably therefore when SMEs cite “lack of facilities”⁶ as the biggest barrier to sustainable waste management, it is to the local authorities that these SMEs turn to see this lack corrected.

So are local authorities in a position to offer and promote a commercially competitive recycling service to local businesses? Twenty seven local authorities offer trade collection services; fifteen of these offer trade recycling services in addition to collection services.⁷

As the strategy addresses, one key barrier to all London boroughs offering a trade waste collection and recycling service is the Landfill Allowance Trading Scheme⁸. The fine for exceeding the allowances is £150 per tonne but allowances can be sold, banked or borrowed.

⁵ Paragraph 7, London Council’s submission, Appendix B

⁶ 1 in 5 SMEs cite as a barrier to sustainable waste management – comfortably the largest single factor to emerge from the survey

⁷ **Local authorities that offer trade waste collection and recycling services are:** Barking and Dagenham, Bexley, City of London, Croydon, Hackney, Hammersmith and Fulham, Hillingdon, Islington, Kensington and Chelsea, Lambeth, Merton, Richmond, Southwark, Sutton, Westminster. **Local authorities who offer trade collection are:** Barnet, Bromley, Camden, Ealing, Enfield, Greenwich, Harrow, Lewisham, Newham, Redbridge, Tower Hamlets, Waltham Forest. **Local authorities who do not offer trade waste collection or recycling are:** Brent, Haringey, Havering, Hounslow, Kingston upon Thames, Wandsworth

⁸ The LATs system works by councils being set allowances on the amount of biodegradable material they can send to landfill. These allowances are tradable, so that high landfilling authorities can buy more allowances if they expect to landfill more than the allowances they hold. Similarly, authorities with low landfill rates can sell their surplus allowances

The strategy argues that the scheme has had the unintended consequence of providing authorities with an incentive to “opt-out of offering a commercial waste collection service to allow them to retain a portion of their permits in case of an increase in household waste, or a failure to divert waste away from landfill.”⁹ The strategy argues that by offering both a collection and recycling service, this disincentive can be negated; effectively the materials produced from retail, office and hospitality activities are so similar to those produced by households, that domestic services could be delivered to commercial businesses without change.

The Environment Committee supports the view that local authorities should offer and promote a trade waste collection and recycle service that is more than just a last resort, or a fall back option. However, the LATS scheme does place local authorities at a competitive disadvantage to private waste collection services in a “fiercely”¹⁰ competitive market and the strategy needs to adopt a more sympathetic and supportive approach to tackle these disadvantages.

The Strategy might also usefully consider responding to the argument put to the Committee by London Councils that the LATS barrier has the potential to loom even larger between now and 2012 when the tax is due to increase by £8 per tonne each year from 2008/09 until at least 2011/12 – for example, by offering support to the aim that landfill tax revenue is returned to local government.

Big operators such as Biffa, SITA, and Veolia handle massive national contracts which benefit from economies of scale. However, this response is dealing with the SME sector, many of whom would not be viable customers for such large operators. The keyword to the proposal as far as the Committee is concerned, supported by the findings from our survey, is “promote.” To compete effectively with private waste collection services, local authorities require additional back office and marketing resources.

The Committee therefore proposes that part of the £6 million that the London Development Agency is committed to spending to leverage additional investment to ensure waste facilities achieve greater self-sufficiency is reallocated to support capacity building among local authorities so that they can effectively promote the services they have to offer.

- 1b. *The Mayor expects waste authorities to accept business waste for reuse or recycling, for free, at their Reuse and Recycling Centres.*

As the Committee has already highlighted, this is a practice that many SMEs have already mainstreamed into their working practices. However, London Council’s regard this proposal as “unworkable at present.” It argues that current regulation obliges local authorities to offer free services to households and to charge for services from the business sector. Allowing businesses to use Reuse and Recycling Centres free of charge could effectively lead to council taxpayers subsidising business waste services. London Council’s concludes that “without additional information about how it might be achieved” it is impossible to see practically this proposal might work.

The Environment Committee agrees. It shares the aspiration for greater recycling rates from within the business sector but would wish to see more detail.

⁹ Page 30, Business Waste Strategy

¹⁰ London Councils

The Environment Committee understands that one option being considered is the distribution of pre-pay recycling bags for the business sector that could be used at local authority sites. This would provide local authorities with a funding stream and provide SME with day-to-day flexibility. The Committee would welcome such practical solutions being put forward in the revised strategy.

2. Increasing Awareness: The role of the London Development Agency's London Environmental Support Service (LESS)

The London's Development Agency's London Environmental Support Service (LESS) will be the primary conduit through which the Mayor expects information and advice will be relayed to businesses on sustainable waste management.

Proposal 2 states:

The London Development Agency will coordinate the provision of information and advice about resource productivity and sustainable waste management to London's businesses by:

- *Promoting the London Environmental Support Service and other business support programmes,*
- *Working with the Mayor and partners to deliver a targeted communications campaign to raise and maintain awareness among London's businesses of resource productivity and sustainable waste management, and*
- *Ensuring their partners integrate information about resource productivity and sustainable waste management into their business support programmes.*

The first element to this proposal will be achieved largely via a web site. The Environment Committee's survey found that 93% of business contacted said they preferred to be contacted by telephone or e-mail and few mentioned websites as a first port of call. In addition 22% of those questioned saw local councils as the most common source of advice – way ahead of any other organisation. Central government or regional London wide bodies were rarely cited. 77% of SMEs questioned had yet to seek advice on waste management at all; many of who cited the need for a prompt to make them do so.

Consequently the Environment Committee remain sceptical as to whether LESS' website will prove an effective tool for engaging the SME sector. The Committee would like to see a sequential approach employed to engage the SME sector that builds upon the recognition that many SMEs already have for local authorities waste management services. The Environment Committee would like to see the following options explored in the development of the LESS website.

- **Links secured to and from LESS' website to relevant pages on local authority websites**
- **A seminar should be organised by the LDA to promote the LESS so that local authority call centres are able to divert queries to the service (78% of respondents said that they rang local councils as their preferred method of contact)**
- **That the LESS website contains a directory of services which includes local authority services and which can provide a postcode based search facility.**

In addition, the Committee would wish to see a more robust way of measuring the success of LESS. The strategy's target for this proposal states the success of LESS will be measured by "the

number of businesses accessing LESS and accessing support from business support programmes.”¹¹

The Environment Committee would like to see a feedback facility built into the website which would be able to monitor satisfaction levels among users.

3. The Hotel and Restaurant Sector

The second element to Proposal 2 states that LESS, working with the Mayor and partners, will deliver a targeted communications campaign to raise and maintain awareness among London’s businesses. The Environment Committee would wish to see one such campaign targeted at the hotel and restaurant sector.

Over a third of SMEs questioned in this sector are relatively inactive in their waste management (compared to 22% of retailers & wholesalers and 16% in the business services sector).

The Committee would wish to see the revised strategy contain a pilot scheme that would seek to engage the Hotel and Restaurant sector and provide the LESS service with a workable example of best practice other members of the sector could apply to their own waste management.

The Committee looks forward to your response and would like to take this opportunity also to thank the Mayor’s Waste Team, the London Development Agency, London Councils and in particular GfK NOP, for their assistance in compiling this response.

Darren Johnson,

Chair, London Assembly Environment Committee

¹¹ Page 101, Draft Business Waste Strategy