The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

# RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 28 March 2012

Session 4

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## RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
**10th Meeting 2012, Session 4**

**CONVENER**

*Rob Gibson (Caithness, Sutherland and Ross) (SNP)

**DEPUTY CONVENER**

*Annabelle Ewing (Mid Scotland and Fife) (SNP)

**COMMITTEE MEMBERS**

*Claudia Beamish (South Scotland) (Lab)
*Graeme Dey (Angus South) (SNP)
*Jim Hume (South Scotland) (LD)
*John Lamont (Ettrick, Roxburgh and Berwickshire) (Con)
*Richard Lyle (Central Scotland) (SNP)
*Margaret McDougall (West Scotland) (Lab)
*Dennis Robertson (Aberdeenshire West) (SNP)

**COMMITTEE SUBSTITUTES**

Claudia Beamish (South Scotland) (Lab)
Nigel Don (Angus North and Mearns) (SNP)
Alex Fergusson (Galloway and West Dumfries) (Con)
Alison McInnes (North East Scotland) (LD)

*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Colin Clark (Highland Council)
John Ferguson (Binn Farm)
Jim Fox (Coca-Cola Enterprises Ltd)
Stephen Freeland (Scottish Environmental Services Association)
Susan Love (Federation of Small Businesses)
Patrick McGee (Coca-Cola Enterprises Ltd)
William McLeod (British Hospitality Association)
Robert Robb (North Ayrshire Council)
Duncan Simpson (Chartered Institution of Wastes Management)
Alistair Speedie (Dumfries and Galloway Council)
Ian Telford (Glasgow City Council)
Keith Warren (Catering Equipment Suppliers Association)

**CLERK TO THE COMMITTEE**

Lynn Tullis

**LOCATION**

Committee Room 4

# Scottish Parliament

## Rural Affairs, Climate Change and Environment Committee

*Wednesday 28 March 2012*

[The Convener *opened the meeting at 10:00*]

## Subordinate Legislation

### Waste (Scotland) Regulations 2012 [Draft]

**The Convener (Rob Gibson):** Welcome to the 10th meeting in 2012 of the Rural Affairs, Climate Change and Environment Committee. Members and the public should turn off mobile phones and BlackBerrys because leaving them in flight mode or on silent will still affect the broadcasting system. For the benefit of our witnesses, I point out that the microphones are controlled automatically, so you do not need to switch them on and off.

Under agenda item 1, the committee will hold its second evidence-taking session on the draft Waste (Scotland) Regulations 2012. We will hear first from local authority representatives and then from a round table of stakeholders who have a keen interest in the regulations. The committee will report to Parliament at the start of May this year.

I welcome the first panel of witnesses and ask them to introduce themselves.

**Alistair Speedie (Dumfries and Galloway Council):** I am the director of planning and environment services for Dumfries and Galloway Council.

**Ian Telford (Glasgow City Council):** I am the waste strategy and logistics manager for Glasgow City Council.

**Colin Clark (Highland Council):** I am the head of waste management for Highland Council.

**Robert Robb (North Ayrshire Council):** I manage waste and recycling services in North Ayrshire Council.

**Graeme Dey (Angus South) (SNP):** Will each of you outline your council's state of preparedness for what lies ahead, by perhaps explaining your existing kerbside recycling arrangements and any contractual obligations you have that could prove problematic?

**Alistair Speedie:** Dumfries and Galloway is in year 7 of a 25-year private finance initiative contract with our private sector partner, Shanks Waste Management. We have a mechanical biological treatment plant, known as Ecodeco, that treats all the waste that we collect throughout the entire 2,500 square miles of Dumfries and Galloway. We are a single-bin authority and all our recycling is done through our recycling centres, where we have segregated recycling opportunities for our customers, and through our bring centres.

We are looking at a zero waste investment plan, which we started on in 2009, and are improving the contract in order to improve our recycling rate. We are good at diverting waste: our contract is based on the legislation of the past 10 years, which is the European Union landfill directive targets on diversion of biodegradable waste. We have already reached the 2016 target on that, but our real recycling figure—the closed-loop figure, if you wish to call it that—is poor, at only 22 per cent, which makes us number 31 in Scotland. We face a challenge in that regard, but we feel that we can address that challenge by realigning our contract to the Scottish Government's zero waste vision.

**The Convener:** I like that answer. It was nice and succinct.

**Ian Telford:** Glasgow City Council is in year 3 of an approved waste strategy, which attempted to align itself with the zero waste policy. We are trying, through our strategy, to deliver the aspirations of the zero waste plan.

At the moment, we use four bins—for glass, commingled recyclate, garden waste and residual waste. We have just gone through a two-year process of competitive dialogue to procure a residual waste treatment plant for a guaranteed minimum of 175,000 tonnes, up to a maximum of 200,000 tonnes, to be located in Glasgow. The potential problem is that if we were to make a change to our waste-collection methodology that had an impact on the residual waste composition, the contractor would be entitled to compensation for any changes that it required to make to the plant. However, we have told the contractor what we think the residual waste composition would be if we were to introduce separate food waste collections and the contractor has been asked to design the plant with that in mind. Even if we had a separate waste collection—particularly if it was to be kerbside only—we still feel that the amount of food waste that it would capture would be less than 50 per cent. The systems that have the best participation rates have collected only 50 per cent. We will still have to deal with a considerable amount of food waste in the residual waste.

In Glasgow, our housing stock is split broadly 50:50 between houses that can present a bin at the kerbside and houses that are either tenemental or flatted in nature. Our four-bin system relates only to kerbside collection properties. Our tenements and flats have some residuals, but they rely mostly on bring banks to deal with things like textile waste and glass waste.

However, we have a programme through the waste strategy to increase our number of bring sites, which are targeted at the tenemental and flatted areas.

**The Convener:** Thank you. I invite Colin Clark to speak.

**Colin Clark:** Thank you, chair.

The simple answer to the question is that we are fairly well down the road to being prepared. Given the uncertainties over the past few years, Highland Council has taken an incremental approach. We are moving away from kerbside sort services and are rolling out an alternate weekly collection of mixed dry recyclables.

In summary, by July this year there will, pretty much everywhere in the Highland Council area, be a blue bin that will take mixed dry recyclables, a residual waste bin that will be collected alternately with the blue bin and—in urban areas—a green waste bin that will serve about 70,000 of the 110,000 or so houses.

Our municipal waste recycling rate is in the high 30s—we are getting very close to 40 per cent. The household recycling rate is about 48 per cent, but the rate is a wee bit lower when you calculate it based on carbon. One issue is that the recycling rate reduces when you transfer from a tonnes metric to a carbon metric.

We have avoided getting into any long-term contracts for disposal because there are considerable uncertainties, and have been over the past few years. We therefore have very short-term contracts.

Highland Council is also a waste disposal authority in its own right. We operate two landfill sites and we still have—although it is on hold—a project to put a very small energy-from-waste plant and a district heating scheme on the island of Skye. Up until a few years ago, we had the capital and the wherewithal to do that but, as the difficulties have bitten local authorities, that has been reined in. Technically, the project is still on the stocks and it will be for the next council to decide whether it will be brought to fruition. From a sustainability point of view, the project was a very good idea for Skye. It would have brought to Scotland a whole new dimension in energy from waste and district heating for very small and rural communities.

In summary, chair, I say that Highland Council is moving forward to consolidate a uniform and consistent collection system. We will look at the residual waste services once we are wholly clear about the requirements of the regulations.

**The Convener:** Thank you. For everybody's benefit, I am the convener, and not an inanimate object—unlike the chairs of council committees. [*Laughter*.]

**Robert Robb:** North Ayrshire Council has an alternate-weeks collection service—we collect dry recyclates one week and residual waste the other week. That is complemented by a seasonal organic waste collection service for green waste, which runs for 32 weeks a year. We are at the end of an investment process to upgrade our household waste recycling centres and make them fit for purpose in their design and in how residents can use them.

We have procured a dry recyclate contract to process our dry recyclates for the next three to five years and we are working with the other Ayrshire councils on a waste treatment process for 2018. North Ayrshire Council is a waste disposal authority, and our use of landfill should end when those two services fit.

We await the council's sign-off to approve a food waste business case, which will complement the three services that I have mentioned. We are heading towards recycling 50 per cent of municipal solid waste and slightly more than 50 per cent of that of households. Given seasonality, we will need to wait until the end of the year to see how the figures turn out.

**The Convener:** That sets the scene excellently. I will ask about the timescale for introducing bans on "elements of resource"—the term that the Government would like us to use instead of "waste". What do you think about the timetable for introducing the provisions in the regulations? Is it reasonable?

**Ian Telford:** The consultation document referred to 2017, which was changed to 2020 in the policy statement. We could have complied with a ban by 2017, but the process is very difficult. We published our *Official Journal of the European Union* notice for our contract in December 2009 and our service commencement date is December 2015. We are involved with the Clyde valley group since the Arbuthnott report and we have advised it. It will publish an *OJEU* notice later this year and it expects its service commencement date to be October 2019.

Such major contracts, which are practically PFI contracts, have long gestation periods. From a standing start now, anyone who had not done an outline business case would struggle to meet a ban by 2020. We knew that it was coming, so we have prepared for it. Glasgow City Council and the Clyde valley group will meet the timetable, but anyone who has not started by now will struggle.

**The Convener:** That is helpful.

**Colin Clark:** We argued for extending the original timelines and we are grateful that that message was carried into the regulations.

On what Ian Telford said, the issue depends on how authorities decide to procure. Local authorities do not necessarily have an imperative to procure but, if they decide to undertake a complicated procurement exercise, the timelines will always be difficult. If less complicated forms of procurement take hold, the timelines should be okay. Folk always have a predilection for wanting more and more time, so what the Government has settled on is pretty reasonable, to be honest.

**Alistair Speedie:** Our zero waste investment plan aims to divert 92 per cent of all our waste away from landfill by 2015-16. We are fairly confident that we will meet the 2020 date. That will have its challenges, but we are well on our way. We must consider the realignment of what we are doing with the zero waste vision.

**Robert Robb:** North Ayrshire Council also welcomes the extension. The regulations are in place. We know where we are heading, and we know the known knowns. We can therefore inform elected members how to get over the hill to where we need to be by 2020.

10:15

**The Convener:** We move now to the cost of observing the regulations.

**Richard Lyle (Central Scotland) (SNP):** Good morning, gentlemen. Having served for 36 years as a councillor on a local authority, I know the problems that you face. We have 32 local councils, with 32 different ways of doing things. Some councils have a recycling rate of 20 per cent—although I say that with the greatest of respect—and some councils are at well over 50 per cent. During the consultation, local authorities have expressed concerns about the financial implications of the new regulations. What will be the extra costs to your councils? Would you agree that, with waste, we have a second chance? Like Scotland's oil, it is a resource that could provide a revenue income stream to each council.

I am interested in the PFI in Glasgow. What income do you receive from your present contracts, and could you develop more income?

**Ian Telford:** I will run through those points. Last year, we introduced a separate glass collection for our kerbside properties, which comprise roughly half the properties in the city—about 100,000. To buy and deliver the bins, and to set up the scheme, there was a one-off cost of about £1.7 million. The cost of the additional collection is about £325,000 a year. That is the cost of a separate collection for a single stream of material, so I presume that for a similar approach to any other single stream the cost would be broadly similar.

The cost of our proposed plant for residual waste treatment is about £200 million. Glasgow City Council did not have that money, so we went for private finance, and we went for a waste delivery programme from down south. Colin Clark talked about how difficult procurement can be; I agree that it is extremely difficult. However, when seeking bank finance for major infrastructure projects, you need a standard contract and a process in which the banks can be confident.

I cannot give you the exact cost per tonne, but it costs a three-figure sum for waste to be delivered and then to be treated by the contractor. There also has to be a 25-year contract so that we can offset the mortgage cost of building the plant. Third-party income issues are built in. If the value or quantity of the recyclate that we recover from the plant increases, the council will receive a share and the gate fee will reduce. However, similarly, if we change our waste collection methodology and the composition changes, the price that we pay could very well increase.

We have guaranteed a minimum of 175,000 tonnes, but the plant can treat up to 200,000 tonnes. Last year, we landfilled about 260,000 tonnes, so we have some scope for further reduction at the front end. Our waste strategy is to get as much as we can at the front end. There will still be valuable material in the waste stream, and we will try to get it through this process.

The contract is also underwritten by the fact that the thermal process at the back end will produce 80,000 MWh of electricity. The sale of that electricity, and the renewables obligation certificate income that will be generated, underwrite the gate fee.

We also have an agreement that, if we prefer, we can use the steam that drives the turbine, rather than the electricity that it underwrites, in a district heating network. However, there is no district heating network infrastructure at present. We have one network at the Commonwealth games site. Through the sustainable Glasgow programme, we are considering how we could extend the network and encapsulate that, but that is for the future.

We have to align the waste resource—as we now call it—with the renewable heat and renewable energy programmes, which can bring carbon benefits. That is an outline of where we are.

**The Convener:** One interesting point that we heard last week was that some of the fossil fuel levy money that has come back to Scotland will be aimed at district heating schemes, which you

talked about. Glasgow and other places might, we hope, benefit from that. The witnesses might want to bear that in mind in answering Dick Lyle's questions. Before I ask a supplementary question, do other witnesses wish to comment?

**Colin Clark:** It is always wise to consider such questions in terms of how we have gotten to where we have gotten to. It is important to do that in considering the costs of waste management for local authorities. The only reason why those costs are so high is that, before 2003-04, we did not do anything with the waste—we simply landfilled it, which was extremely cheap. If we go back a wee bit further, it was actually landfilled free across Scotland. Of course, it was not really free, and the current generation is now picking up the tab.

On the balance of finance, because of the landfill tax and the engineering consequences of the landfill directive, the cost of waste disposal has steadily increased. As the project proceeds, there must be a realisation that there will be a transfer of disposal costs to the collection end as more and more recyclables are collected. However, all the modelling that the Scottish Government has done says that, ultimately, pursuing the zero waste agenda to its fullest extent will cost less than doing nothing and continuing to landfill or simply to mass burn waste. Globally, we should get to a cheaper conclusion than we would otherwise. That is an important point.

**Alistair Speedie:** In our contract, Dumfries and Galloway Council takes the risk of any change in the law. In realigning and varying our contract, we will have to take cognisance of the pressures. At this stage, I cannot say what those might be, but I imagine that we will have to bear some additional burden, particularly on the contract side.

On income streams, there are share mechanisms in our contract, so that if income gets above a certain level, the council starts to share in the streams. When a PFI contract is set up, you try in the risk matrix to shift as much risk as possible to the private sector partner. Therefore, in our contract, Shanks takes the risk of dealing with recyclate and the markets. However, if the income stream is successful, the council starts to benefit through the share mechanisms.

I will mention other issues that we are considering in our investment plan. At present, we landfill 40 per cent of our waste. In 2006, the figure was 96 per cent, so we have come a long way. We have achieved that with outputs from Ecodeco that are not considered to be recycling. We must address closed-loop recycling in a big way and try to improve the outputs from Ecodeco in order to make the material such that it could be considered for recycling.

We are going to develop two ecoparks, where we will seek to recycle construction material from the council and from the private sector, and we will look at publicly available specification—PAS—100 composting and at improving the output from Ecodeco. For example, all our glass, ceramics and stone come out as a single aggregate from Ecodeco, which is not considered to be recycling, although we use it in drainage ditches and in roads construction. However, we want to invest in machinery that will separate that out, clean it all and get the glass in separate piles. We obviously have to consider our collection system for the future. We are working with zero waste Scotland on a business case and various options, for which costs will be associated.

As far as council members are concerned, after the new council is formed the political groupings and the new members will be consulted on our zero waste plan and on the way forward. We are working and preparing for that at the moment.

**Richard Lyle:** We all know—

**The Convener:** I am sorry. Did you want Robert Robb to say something?

**Richard Lyle:** I thought that he had indicated that he did not wish to answer.

**The Convener:** That is fine.

**Richard Lyle:** Robert's council is doing quite well in recycling rates; I think I mentioned that at last week's meeting.

**Robert Robb:** You did.

**Richard Lyle:** It was a compliment.

If you bear with me, convener—

**The Convener:** Can you be brief? We have a lot of ground to cover.

**Richard Lyle:** I can be brief.

We all know the cost of waste and we know that at one point during the past 20-odd years the market totally fell away. Paper could not be sold—you guys could not even give it away. My concern is that we have 32 local authorities all dealing differently with waste. They have different rates and are tied into contracts because they wanted to get rid of waste and just give it away. As has been said, 20 years ago councils could landfill waste for nothing, but it now costs about £80 a tonne. What are you doing to increase your councils' income stream from waste? Do you have ideas on how to do that? Are you so tied down in contracts that you cannot increase your income streams?

With regard to tenements, for example, we have tower blocks in North Lanarkshire and we—

**The Convener:** We will come on to that slightly later, if you do not mind.

**Richard Lyle:** Okay. I am sorry, convener.

**Colin Clark:** It is ironic that Richard Lyle has asked that question, because a little over 10 years ago a fellow member of the Convention of Scottish Local Authorities and I came up with the idea of having a local authority consortium for selling recyclate. There was no appetite for it at the time, then some years later the Scottish Executive thought that it might be a good idea, but it never gathered any momentum. I just ponder the notion that if we had set up that consortium we would be in possession of over a million tonnes of recyclables on which we could really take the market to task right now, although that is looking at the situation with 20:20 hindsight.

Councils take every opportunity to try to improve their income streams. To be honest, the equation is not that complicated. If you have a saleable product like recyclables in the current market, either you will suffer quite a small cost to get rid of it or you will make some money on it, depending on where you are, how long your contract is, who it is with and what flexibility you have in it.

There is no doubt that if councils had their own materials recycling facilities they would have the wherewithal to have segregated waste streams from which they could put products into the market that would have real value pretty much all the time because of their quality.

There was a time when Germany was giving away its paper with a bonus of about £70 a tonne to anyone who wanted it—which is what Richard Lyle was referring to. That example notwithstanding, if you have good-quality paper, you should get a price for it.

However, local authorities have gone to the market mainly with materials that need some form of further treatment. Until fairly recently, that incurred some cost, although local authorities in some parts of the country are now getting money for it.

10:30

**Margaret McDougall (West Scotland) (Lab):** Good morning, gentlemen. I should say at the outset that I am still a councillor in North Ayrshire, so I take some of the credit for the situation that Richard Lyle commented on. The chair of North Ayrshire Council is not an inanimate object.

The Scottish Government will support local authorities for the first three years for set-up costs. Do members of the panel feel that their councils will be self-sufficient once those three years have expired? Will you make a profit in the near future? We are told that waste is to be seen a resource. Do you see the proposals as being self-financing in the future?

**Alistair Speedie:** If that support is for infrastructure and we invest it correctly, wisely and creatively over the three years so that we can realign our way forward, I hope that the revenue consequences will sort themselves, but I cannot say that I am convinced about what is proposed, because my staff and I still need to look at all the details.

Our contract involves a sustainable 25-year finance model, which has put the council in a very good position for the past seven years. When it comes to budget time, waste is not an issue for us. The risks in that financial model are to do with waste growth. We have managed to diminish our waste by 10,000 tonnes, which is very good news from a prevention point of view. In the past, the council has been quite happy with the waste business at budget time, because it has not put any pressure on the council's budgets. However, the situation may be different if we are to realign ourselves with the zero waste vision.

**Ian Telford:** As far as the cost is concerned, we operate our own materials reclamation facility. We have offered up its site for a residual waste treatment plant, so we will construct a new materials reclamation facility. It depends whether you are talking about all the proposals in the regulations. We can collect dry recyclates, take them to the MRF, separate them and sell them, at a cost. Currently, we are washing our face with the money that we get from that.

As far as food waste is concerned, it would cost to put the infrastructure in, it would cost to collect the waste and, as far as I am aware, it would cost us to take it to an anaerobic digestion plant, although I notice that last week it was said that someone was offering to do that for free. I would be delighted to hear who it is.

Residual waste treatment is expensive—it will cost £100-plus a tonne. If the landfill tax increases beyond £80, we will make a saving, because landfilling such waste costs £10 a tonne and transporting it to the landfill site costs £10 a tonne. If the landfill tax stays at £80, the proposal is pretty much cost neutral. Dealing with such waste will always be a cost.

I think that setting up separate waste and recyclate collection systems will cost the councils money beyond the three-year support period. I do not think that we will get to a cost-neutral position in that time.

**Colin Clark:** I broadly agree with that.

**Robert Robb:** I agree.

**Annabelle Ewing (Mid Scotland and Fife) (SNP):** In evidence at our meeting last week, it emerged that some councils—Fife Council and Perth and Kinross Council, in particular—are doing

fairly well on recycling and waste management, for whatever reason. Have you had discussions with the councils that are managing to do well, as part of their organised approach, to ascertain whether your councils can learn helpful lessons, taking account of the different geography and demography in your areas? There is good practice out there. To what extent do counterparts from the various councils discuss the issue?

**Alistair Speedie:** We very much speak to other councils. When we implemented our contract, many councils came to visit our plant and speak to us about the process that we were going through—of course, that was about addressing other legislation in a past decade. Currently, we speak to all councils and we must follow best practice. It is pointless to reinvent the wheel; we must look at other councils and aspire to be as good as they are.

We work closely with Scottish Borders Council, of course, in the south of Scotland. The geography of our areas and the demographics of our ageing populations are similar. We must take cognisance of such things as we plan for the future.

**Ian Telford:** I am fairly new to waste management; I came from a roads and highways background four or five years ago. I have been extremely surprised by the level of co-operation that there is among waste operatives and even waste contractors, to some extent, whose relationships with each other do not seem to involve the commercial sensitivities that are an issue for roads and bridge construction contractors. There are several networks, such as the waste managers network and the local authority recycling advisory committee network, and there is a lot of support.

There is no silver bullet out there. There is nothing that anyone else is doing that Glasgow City Council is not doing. It is about winning hearts and minds and getting people to participate, and it is about the housing stock. We keep mentioning the housing stock and people say, "Sorry, you've hidden behind that for too long; other areas have similar housing stock."

Glasgow, as lead authority, procured a green waste treatment plan on behalf of several neighbouring local authorities that wanted to participate in that. In a former life, Robert Robb was with a council that had its contract out and did not participate. I do not think that anyone is doing something that we are not doing. However, we are still behind, and we must find other ways of dealing with waste.

We are looking at imaginative approaches. We have been approached by a housing association that has high-rise flats with a chute system, so practically nothing is recycled other than what is carried down in the lift and put into the recycling point outside. The association suggests that we do waste three days a week and then change the bin at the bottom of the chute, so that for four days a week people can put only recyclate down the chute. We will trial that. We have concerns about contamination if people get the day wrong, but there are encouraging signs from trials of the approach elsewhere, so we will participate.

As I said, our 10-year action plan has 25 actions to get us to improve our recycling. There are things that we are doing, and there are very good relationships between councils.

**Colin Clark:** I concur with that. The COSLA waste managers network has been around for a long time and meets quarterly. In the north of Scotland, the heads of waste management meeting brings together people from Shetland Islands Council, Orkney Islands Council, Highland Council, Moray Council, Aberdeenshire Council, Western Isles Council and Argyll and Bute Council.

We all know pretty much what everyone is doing. To be honest, there are not 32 varieties out there. One of the biggest factors is where councils started from. Everyone is at a different point in the cycle. Some local authorities did more than others over the years, and the authorities that are at the bottom of the league table probably started a good deal later than the ones at the top. The other big issue, which has been touched on, is the population that councils serve. There is no doubt that that is important.

A couple of years ago, we conducted a trial of a simple project in a wee village. It involved three bins, and we allowed people to put green waste and food waste into the same bin, which was collected every week. We did that to see how far we could push things when the zero waste project started. We were getting recycling levels of 65 per cent, by weight, on a regular basis. We got a lot of information out to people and were in constant contact with them.

The problem is not that we do not know how to do things; it is more to do with time. Once we can normalise recycling in the psyche of the vast majority of the public, nature will take its course. There will be a tail of people who will not recycle, regardless of what we do, but the vast majority of people, if given the wherewithal to recycle, will engage with the system and do it fairly well. That is what we have found in Highland.

**Robert Robb:** I concur with Colin Clark. You mentioned the Perth and Kinross model. North Ayrshire Council and neighbouring authorities have similar models, using a three-bin system, which is simple to use as long as there is good

communication about it and it becomes embedded in householders' psyches.

Fife started earlier, and it will be interesting to see how that model will pan out in the long run. A lot of councils need to get to where Perth and Kinross and North Ayrshire are—with levels of around 40 or 50 per cent—before they can move to the next service level and ensure that residents buy into that.

**The Convener:** I am conscious of the time. Claudia Beamish has a supplementary question on this issue. We have about a dozen areas of interest to get through. In the interests of brevity, I remind witnesses that they do not all have to answer every question if they do not feel that they need to.

**Claudia Beamish (South Scotland) (Lab):** I would like everyone to answer my question, albeit briefly.

I am interested in what the councils can do through education and awareness raising to bring about a behavioural shift. Colin Clark said that recycling is becoming part of people's psyches, which is an optimistic view, and Ian Telford talked about winning hearts and minds. What is being done on the range of areas where awareness raising is necessary, over the whole age range and across communities? What is in place to support awareness raising and what is going to be put in place?

**Alistair Speedie:** We have officers who regularly go out to community councils and schools. We have a good eco-schools system, and I believe that it is the youngsters whom we must address, in the interests of future generations. We have various leaflets that we put out again and again. Education is everything.

Our geographical layout is problematic. We have a sparse population—147,000 people in 2,500 square miles—so it is difficult to get to everyone to get the message across. We have area committee theme nights that concentrate on various services, and we have had successful ones on the issue of waste management.

There is a continual education process, and we will certainly have to up the ante as we realign our direction with the Scottish Government's vision.

**Colin Clark:** Highland Council recognises that education and awareness raising are probably the most vital element of the project. We have quite a big team of people who deal with that. As well as doing what Alistair Speedie's team does, they go along with the waste collection vehicles and monitor what is going on. If they find a situation that is worse than what we want, they have a nice chat with the householder or the business concerned. As well as being concerned with education and awareness raising, our approach is also somewhat interventionist. That is necessary in order to ensure that recycling is normalised in the community, because otherwise people will simply do as they see fit.

10:45

**Ian Telford:** Glasgow has a community action team, which is responsible for raising awareness about recycling and road safety. That team visits schools—we have an eco-schools system, too. There is a lot of enthusiasm in primary schools, but a disengagement takes place between primary school and secondary school, which we need to overcome. We need to make it cool to recycle, which it is not just now. There is no logic to which areas are good recyclers and which are not. In areas with high-income families, we might expect a bit more recycling, but we do not get it, whereas in low-income areas recycling might be surprisingly high. Recycling week kicked off last year and caught us a wee bit unawares but, this year, we hope to launch a major recycling event in George Square to try to get that public message out there.

Last year, we introduced managed weekly collections for the first time in Glasgow, which has resulted in an improvement in our recycling levels. However, we have not embarked on enforcement of the rule on no side waste. We feel that we need to start by engaging with people who leave side waste. We need to tell them that, if they had put it in their recycling bin, they would not have any side waste; that they should not leave side waste anyway; and that, if they keep doing it, we will need to do something about it. That is about winning hearts and minds, rather than enforcement. People do not want the bin police, so we need to win hearts and minds and get people to participate.

When the managed weekly collections were introduced, in my family we thought that we would never survive with a fortnightly bin collection, but we now find that the blue bin is fuller than the grey one. However, that is not what we find in general in the volumes that we collect. We need to send out the message.

**Robert Robb:** We have a comprehensive communication campaign, which includes leaflets and education packages in schools to complement our eco-schools programme. To deal with some of the disengagement, we are about to embark on the use of social media, such as Twitter and YouTube. We are developing a video for YouTube to show residents how to put materials into the different bins. That might feed into the process.

**The Convener:** We will move on to the role of the waste management sector.

**Jim Hume (South Scotland) (LD):** The Scottish Government has mentioned that the success of the legislation very much depends on the readiness of the waste management sector to use waste as a resource. How ready do you think the waste management sector is for the legislation and its targets?

**Ian Telford:** If we are not going to have landfill sites, what will we have? It could be residual waste treatment, but how many facilities are out there now? There are incinerators in Shetland and Dundee and the Ecodeco plant in Dumfries and Galloway. Those have been put in by councils. There are not a lot of merchant facilities out there. Companies would need guaranteed feedstock to get the money from the banks to build such facilities. The private sector is not contributing to the state of readiness. However, companies are ready to deliver if we are prepared to give them a contract, guarantee the waste and give them time to develop. Democracy is a wonderful thing, but waste treatment is unpopular, so finding sites will be difficult. A few projects have consents but have never been built. The sector could deliver but, until companies have the contracts in their hands, and for a long period, they just will not be ready.

It concerns me that the thermal treatment section of the policy statement says that the material will simply not be there to feed a network of plants. There will be some, though, so the question is how we will ensure that we have the right number of plants in the right places. At the minute, it is totally left to the local authorities. We have done our own thing, possibly because we are big enough. Four of the councils in the Clyde valley have joined together to do something similar. However, where are we going to take our waste post-2020 if there are no merchant plants and we have not built our own plant? We need to come up with some sort of strategy.

**Colin Clark:** That pretty much crystallises it. The market will respond when the money becomes available, and the best money available to finance plants is local authority money. That is how it works. In some senses, the industry is ready, but only if it is more or less underwritten by local authority contracts.

**Robert Robb:** I will take a step back—sorry, convener—and talk about the resources. The dry recyclate market is a fairly robust market, in which councils that go to procurement are gaining value from the tidying up of the system. The food waste market will emerge, but a lot of contractors and merchant facilities will need 18 months or two years to get the systems up to speed.

**Alistair Speedie:** I do not think that I can add value to what has already been said. Our Ecodeco plant is working to maximum capacity just now but, as we realign ourselves and start to increase our quality recycling, capacity will become available. That is one of the issues that we are talking through with our private sector partner and the Scottish Government.

**Claudia Beamish:** What opportunities might be available for smaller-scale community enterprises, co-operatives and local businesses to take advantage of the realignment and the new opportunities? Of course, I take on board that contracts of considerable length are in place already. Even so, there are other aspects of the new resource management that I am interested in hearing your comments on. In particular, what is your perception of what is possible in procurement terms? I may be misjudging it, but it seems simpler to offer a larger contract. How does that vie with providing local opportunity?

**Alistair Speedie:** Outwith our contract framework, we work very hard with local communities and enterprise bodies. For example, you will be very aware of Moffat CAN. We have just contracted with it for the reuse and refurbishment of some of our materials. Our private sector partner works very closely with us in all of that. Our framework does not bar us from going in that direction. That sort of operation is very welcome locally because our prime objective in Dumfries and Galloway is to improve the economy and increase the number of jobs. We will continue to concentrate on it and give every opportunity for communities to take part.

**Ian Telford:** We engage with the third sector to deal with furniture that can be reused. We set aside any furniture that is brought to the recycling centres and a third sector group takes it away, repairs it and sells it. However, that service deals with a very small proportion of the waste.

If the third sector can collect valuable recyclates and cherry pick aluminium cans or whatever and put them to use, that is fine. However, the problem with community groups is that they are there sometimes but then they hit a problem and are not, so we cannot rely on them to be an absolute service provider, unless we are prepared to step in and help them when things go wrong. We have participated in a scheme with a community group that carried out separate food waste collections in high-rise flats and ran an in-vessel composter for such collections, but it had to be fed quite high sums of money to keep it going and it fell apart when the funding stopped. Such schemes have a role to play, but councils need to set up something other than that.

We rely on community groups for our textile recycling. We have a list of about 20 charities that put textile banks out and service them. That is a very small proportion of what we do.

**Colin Clark:** Highland Council has funded a number of third sector groups for a long number of years—some for a very long number of years. Some of them do very innovative stuff and, in an area such as Highland, they keep quite a lot of people in employment. They mainly do the things that Ian Telford alluded to.

On the delivery of residual waste treatment—thermal or otherwise—some smaller players in the market feel that to win a local authority contract they need to ally themselves to one of the big five or six waste management companies, so that they get over the procurement hurdles that prevail in the local government sector. My opinion is that some smaller companies are more incisive and use their initiative a bit more than some bigger companies. You are right that the market is skewed in favour of the really big companies, partly as a result of the current procurement process.

**Robert Robb:** North Ayrshire Council has a commitment to work with the third sector. We also have to meet a target for reuse of 5 per cent in the next two or three years, which will probably be achieved by working with the third sector. A reuse business case is being developed so that we can work with furniture redistribution schemes and so on.

We are also at the early stages of looking at how we can make some of the islands more sustainable through having sustainable waste management practices. We think that organic waste might be an easy hit, so we will work on that with communities. We will develop that with zero waste Scotland, because I believe that it has a programme and might have some funding to kick-start such a scheme. We are moving forward in that way.

**The Convener:** Dennis Robertson will lead on segregation, separate collection and high-quality waste.

**Dennis Robertson (Aberdeenshire West) (SNP):** Good morning. Some witnesses have alluded to the different approaches to street collection. Given that different authorities are taking different approaches to commingling, which is one aspect of that, what is your opinion on the best way forward? How should we engage with the consumer? Some councils are happy for glass, cans and plastics all to go together, but other authorities say that they must be separated, because they are getting a higher return from the kerbside collection. Is there a best way forward?

**Robert Robb:** North Ayrshire Council has a commingled dry recyclate service, which collects a vast array of materials, including paper and plastic, and we will start collecting glass and cardboard. To ensure that the quality is right, we have stated in the procurement contract with the MRF provider that it must move 90-odd per cent of material into closed-loop recycling. That is where we tie up the quality. The provider has committed to having a closed loop. As was said at the committee's meeting last week, we are making it easier for residents by providing a simple one-system bin that they can put all the material in. That is probably just a first stepping stone. If you can put some materials into a blue bin, you can probably put a lot of materials into it. We need to tie up the quality at the procurement end.

11:00

**Colin Clark:** We have both systems. We have box kerbside-sort systems, which we will phase out by the end of July in favour of a commingled dry recycling system. Unfortunately, the arguments for and against both systems have raged over the years. In truth, there is no right or wrong answer, although the arguments seem to suggest that there is. For overall ease of use for the public, the commingled system is the best. The next set of arguments will be about whether to add glass to the commingled items and about what that would do to the quality of the recyclate—especially paper.

**Dennis Robertson:** Glass is added in some authority areas at the moment.

**Colin Clark:** Yes, it is. The next major argument will be between those who add glass and those who do not.

Anecdotally, the quality of our commingled recyclate in the Highland area is said to be very high. I worry a wee bit that the regulations imply that the kerbside-sort system produces de facto a higher quality than the commingled system does. I have seen no evidence to suggest that anywhere, at any time; that seems to be built on anecdote rather than evidence.

**Dennis Robertson:** Are people engaging better with and responding better to the commingled system, as you swap to that from the other system?

**Colin Clark:** Yes.

**Ian Telford:** Glasgow has its own commingled dry recyclate collection. We collect paper, plastic bottles, cans and cardboard. We collect only materials for which there is a market. We said in our consultation response that plastic needed to be defined. What would we do with yoghurt pots if we collected them? We can find a market for plastic bottles but not for any other plastics.

We decided to have a separate glass collection. That was possibly a gut-feeling decision. As soon as glass is put in, we as an MRF operator see a difficulty in getting it out. However, we are now

looking to build a new MRF when we close our existing one and, when we engage with the market, operators seem bullish about separating out glass without any impact on quality, even though, intuitively, I feel that it is the other way round. We have gone down a different road and we will probably stick with it.

**Alistair Speedie:** We will have to consider all those options and processes carefully in our realignment.

**The Convener:** John Lamont will lead on questions about problems for dispersed areas.

**John Lamont (Ettrick, Roxburgh and Berwickshire) (Con):** A couple of councils—Western Isles Council and, in my area, Scottish Borders Council—expressed concern about the financial and logistical burdens that the changes would place on them. I know that rural areas will have a derogation. What is the view—particularly from representatives of rural councils—on that exemption? Will rural councils have an additional burden in complying with the new regulations?

**Alistair Speedie:** There is no doubt that there will be an additional burden. Dumfries and Galloway Council is the third-largest roads authority in Scotland. It has 4,400km of local network and it has a bin to pick up on every one of those kilometres. We have a large number of customers who live up farm roads or private roads, who have to bring bins to the nearest public road. A whole lot of issues need to be addressed in the logistics of implementing the regulations.

Population sparsity is another big issue. Our largest town, Dumfries—we call it the regional capital—has a population of about 35,000 people. Stranraer has a lot less than that, and Annan has about 10,000 people. Therefore, we have real issues to address over a huge network that covers 2,500 square miles. There is potentially an additional burden on rural councils, and we need creative thinking in that regard. We must think outside the box if we are to address the problems that are presented to us.

**John Lamont:** Do you have an estimate of the cost to the council? I understand the logistics issue; there must also be financial pressure.

**Alistair Speedie:** I have no doubt that there will be financial pressure. I am not currently in a position to advise what the cost might be.

**Colin Clark:** Highland Council is the biggest council in Scotland. It covers 10,000 square miles, which is an area comparable to that of Belgium or Wales. That brings its own challenges. By the end of the summer, we will bring in alternate weekly collections of dry recyclables to the whole of Highland, apart from some of the islands, for which we are making separate provision. We will simply replace one weekly residual waste collection with a blue-bin dry recyclables collection, so there will be no increase in cost.

Consideration of Scottish Government information suggests that, under the regulations, we will be required to collect food waste only in Inverness. However, as we proceed, I think that there will be pressure from councillors, as a result of pressure from the public in rural airts and pairts, who want the services that are enjoyed by urban areas to be rolled out to the more rural parts of Highland. The obvious example in Highland is the green waste collection. We collect green waste from the urban centres, so 30,000 or so households do not benefit from that service. To judge from the telephone calls that I get and from other information sources, there are people in rural parts of Highland who want such a collection.

**John Lamont:** Are you saying that, notwithstanding the derogation, you think that you will be under political pressure to provide a much wider service than the regulations require?

**Colin Clark:** Yes. I do not think that that will be the case this year or next year; it will happen as recycling is normalised. As recycling takes hold and it becomes abnormal to put waste in residual waste bins, there will be momentum from the public, who will put pressure on politicians to provide more recycling services.

**The Convener:** If we have finished covering rural areas, let us move on to urban areas.

**Margaret McDougall:** We talked about collections from multistorey housing and issues such as the inability to collect food waste from the kerbside. How can local authorities collect food waste from high-density housing? The Scottish Government initially said that high-density housing would be exempt from food waste collection, but last week we heard that such collections are being made in some areas, so the goalposts are shifting.

**Ian Telford:** I do not know how we will collect food from high-rise flats or tenemental properties. Currently, we tend to have a keyed system for tenemental properties. We go through the close and empty the residual waste bin and the blue dry-recyclate bin, so logic suggests that we could add a bin and have a food waste collection, too. How economical that would be, I cannot imagine. However, we have engaged with zero waste Scotland, which has appointed a consultant to review all our collection systems and to come up with a business case for Glasgow for food waste collection. We will wait to see the results of that report before we formulate our ideas to meet the deadline.

As I said, we are part of the Clyde valley waste management group, which had a sub-group to look at best practice on collection. There was a

further sub-group that looked at food waste collection, and the Clyde valley view was that, for us, the best practice would be to commingle food waste with garden waste. We can see benefits in that. It all comes down to the gate fee. As soon as people add one bag of food to their garden waste, the gate fee for that commingled material is much higher, so we need to ensure that sufficient material is collected to make it economical. We need to do the surveys and the counts and come up with a proposal.

**Robert Robb:** North Ayrshire Council has a two-phase programme for our food waste, subject to its being approved. With the first 48,000 houses, food waste will be commingled with organic waste. With the next 10,000 to 12,000 houses on the mainland, we will run three or four case studies, which might involve running a chute for food on a Monday with dry recyclates being collected on a Wednesday, or the provision of small communal bins or caddies. We will go back to the council for it to approve the best system for those households.

**Margaret McDougall:** How does that fit in with your contract? Being tied into a contract seems to be an obstacle to lots of things. You mentioned that your contract involved a more flexible arrangement. Is that how you will be able to do the commingling and so on?

**Robert Robb:** This week, we have started meetings with our current contractor to see whether it could take that material. As Ian Telford mentioned, once people put a bag of food waste in with their garden waste, it can no longer be windrowed. We might need to go to procurement to find a longer-term solution that would fit with the business case outcome for the processing of such waste, which might take a couple of years. We will need transitional arrangements for a few years. There seems to be enough such waste within a 20 or 30-mile radius to fit the transitional arrangements that we will require, but we will need to see what the market provides in two years' time.

**The Convener:** Last week, we started to explore the experience of other countries. I presume that there must be high-rise properties in countries such as Germany. Have any local authorities, whether in areas with dispersed populations or in urban areas, gone to look at systems in other countries or discussed them with European colleagues? I would have thought that the Committee of the Regions might be a good place to start.

**Ian Telford:** The Scottish Environment Protection Agency ran study tours to Denmark and Shetland. The situation in Denmark is highly impressive. There are high levels of recycling at the front end, as well as energy-from-waste plants and district heating. In my view, that is the model that we should follow. Food waste could be left in the residual waste stream and extracted by anaerobic digestion or gasification, provided that the resource that was produced was utilised as part of the renewable heat strategy and the steam was put into a district heating network. That would not comply with the requirement for separate food waste collections.

As I said, we are participating in a consultant's study to see what our collection levels would be. If we implement separate collections for food waste, there is the possibility that the change in the composition of the residual waste might affect the residual waste contract. For us, it is a case of wait and see. I did not see food waste collections in Denmark, as we went to see how the Danes deal with energy from waste rather than how they deal with food waste, but if we had made a different request, we might have seen something on that.

**The Convener:** It is an interesting issue. I asked last week's panel whether, with the residual element, we are talking about thermal treatment or anaerobic digestion. There needs to be some separation. You are responsible for the landfill facilities that commercial companies pay to use; however, one of the issues that we will have to deal with is the residual waste that is produced. How much of that would you want to deal with in the way that you have suggested?

11:15

**Ian Telford:** What do we do with the waste that we cannot send to landfill? In Glasgow, the solution is to put it through a separation facility to extract the 18 per cent that is recyclable material; to anaerobically digest the biodegradable fraction; and to gasify the coarse fraction along with the digestate from the anaerobic digestion. Because the waste comes from a mixed-waste source, we cannot use the digestate as compost; instead we dry it and add it to the fuel in the gasifier. The hope is that the value of that fuel will make our solution sustainable.

**The Convener:** Thank you for that further explanation. Does anyone wish to add anything?

**Colin Clark:** Returning to international viewpoints, I am afraid to say that Scotland has been very keen on the black-box solution. Europe has been recycling for much longer, but we have been slow and—dare I say it—reluctant to take up best practice from there. However, although each of the 32 authorities might appear to be doing things differently, the same applies across the North Sea. No European country I have looked at takes the same approach as any other; for example, food waste is a major issue in the Mediterranean countries, but not in the Nordic ones.

Ian Telford mentioned Denmark which, a long time ago, embarked on an integrated and municipally delivered waste management solution that used not only waste but industrial waste as a heat source. The waste is collected, the resource extracted and the residue incinerated. However, I have to say that it will be difficult to replicate Denmark's extensive heat networks using the PFI model that hitherto has been popular for infrastructure projects in Scotland.

**Richard Lyle:** The answer to my question has been partly covered but in view of the fact that all our landfill sites are soon going to be filled up and that, as a result, there will not be many places to go, do you believe that, because of public concern, the Government or COSLA should designate the location of incinerators and waste-to-heat plants?

**Ian Telford:** That would be useful. At the moment, it is up to councils to decide where such plants should be located. The industry could come forward with more merchant plants; a number have received consent but have not yet been built.

As the policy statement makes clear, we need to do something with this waste, but given that there is not enough feedstock for a large network, are we simply going to leave councils to come up with a solution, which means that it will happen on the kind of ad hoc basis that you have made clear that you do not like, or will we say, "Hang on, guys, we're going to need five or seven plants and this is where they should go"? Of course, that will involve a public consultation exercise and it will be an unpopular decision for whoever wants to take on the job, but clearly it would be better to take a structured approach.

**Colin Clark:** The list of Scottish sites for waste incinerators was actually put together in 1997 as part of the draft national waste strategy but was removed in the final document that was published in December 1999.

**Richard Lyle:** Do you still have that list?

**Colin Clark:** Probably.

**Richard Lyle:** Can you supply it to the committee?

**Colin Clark:** I am sure that I know someone who could.

**The Convener:** We note your comments and will get that information if we require it.

**Claudia Beamish:** I realise that this issue has been touched on throughout the evidence session, but do any of the witnesses wish to comment further on the issue of waste incineration? I want to push the panel a bit further on the issue, in light of the Government's statement about the unavailability of feedstock. I wonder whether, in view of certain procurement issues, the connection with district heating could be developed.

**Ian Telford:** The question is whether a particular incinerator is located in the best possible place to deal with waste or to achieve maximum sustainable benefits. Scotland, unlike Denmark, does not have a district heating network. My view, which mirrors the Glasgow solution, is that such a plant should be located in an urban area, as is the case in Sheffield, and should feed a district heating system. We are actively pursuing the establishment of a district heating network associated with the location of the plant in order to get the maximum benefit.

The waste industry cannot provide the solution, because it has no means of putting in the infrastructure. It is expensive to do that from scratch but once the infrastructure is in place the whole thing works—the long history of Denmark's extensive heating network shows as much. Of course, people then start to say, "It's not just waste treatment—it's the brewery or whatever," but the point is that you need good anchor customers.

Such networks provide heat 24 hours a day but people do not need 24-hour-a-day heating. What will we do with the heat that we do not use? In Shetland, they built a big tank, poured the hot water into it and sucked it back out. Solutions exist but this kind of thing is not easy and requires a major infrastructure decision in its own right. Nevertheless, if we are to achieve the renewable heat targets that have been set in a different forum, district heating and energy-from-waste measures will play a big part. Personally, I think that, as in Denmark, the plants should be located in urban areas just across the road from high-quality housing; after all, the plants are clean and everyone should be confident that they are clean. It is the emissions that cause objections.

**The Convener:** Graeme Dey will now ask about enforcement powers.

**Graeme Dey:** According to several respondents to the committee's consultation exercise, enforcement powers are required to make the regulations effective, but SEPA has said that enforcement measures already exist under section 34 of the Environmental Protection Act 1990. Will those powers prove adequate? If not, what sort of powers do you want?

**Colin Clark:** Section 34 of the 1990 act is interesting. For a start, it does not stipulate who the enforcer is and SEPA has, to an extent, always suggested that other people can use it for a variety of reasons. Although I have always believed SEPA to be the prima facie waste regulator, there is no doubt that section 34 gives some latitude.

Highland Council feels that this is a missed opportunity in the zero waste regulations. The body of waste legislation in Scotland has long been due an overhaul and we would have liked a root-and-branch review of the regime in Scotland in tandem with the regulations. Unfortunately, that has not happened, but hope springs eternal.

**The Convener:** That has been noted.

**Ian Telford:** I cannot quote chapter and verse the further powers that we think are required, but we can certainly submit that information after the meeting.

**Annabelle Ewing:** Last week, we discussed the possibility of on-the-spot fines, rather than the broad-brush approach to which you have alluded. I take it, Mr Clark, that your bin police in the Highland region are not quite at that stage, but can you say something about the more domestic end of the issue?

**Colin Clark:** The members of Highland Council are keen to get additional powers to issue fixed-penalty notices. However, the committee that I sit on views those as a measure of last resort. I should point out that what you call our bin police are really bin helpers and assisters.

**The Convener:** We have been round many of the houses, collecting a lot of information. That is our job at the moment. I thank the witnesses for giving us a wide range of evidence, which will certainly inform our consideration of what we know is a huge subject. I wish that we had more time, but we do not, so I will have to end the session.

I suspend the meeting for a changeover of witnesses. We will try to start again at 11.30.

11:25

*Meeting suspended.*

11:32

*On resuming—*

**The Convener:** I welcome the round-table witnesses, who are joining us to talk about the draft Waste (Scotland) Regulations 2012. In order that we know who is here, we will introduce ourselves in a clockwise direction.

I am the convener of the committee.

**Duncan Simpson (Chartered Institution of Wastes Management):** I am the chairman of the Scottish centre council of the Chartered Institution of Wastes Management in Scotland.

**Margaret McDougall:** I am Margaret McDougall MSP.

**Patrick McGee (Coca-Cola Enterprises Ltd):** I am the environmental manager at Coca-Cola Enterprises in East Kilbride.

**Jim Fox (Coca-Cola Enterprises Ltd):** I am the associate director for public affairs for Coca-Cola Enterprises in Great Britain.

**Claudia Beamish:** I am Claudia Beamish MSP.

**Stephen Freeland (Scottish Environmental Services Association):** I am from the Scottish Environmental Services Association, which is the trade body for the waste management industry.

**John Ferguson (Binn Farm):** I am ex-head of waste strategy at the Scottish Environment Protection Agency. I now run my own companies and am head of strategy at Binn Ecopark.

**Richard Lyle:** I am Richard Lyle MSP.

**John Lamont:** I am John Lamont MSP.

**William McLeod (British Hospitality Association):** I am director in Scotland of the British Hospitality Association.

**Susan Love (Federation of Small Businesses):** I am a policy manager in the Federation of Small Businesses.

**Graeme Dey:** I am the MSP for Angus South.

**Keith Warren (Catering Equipment Suppliers Association):** I am director of the Catering Equipment Suppliers Association.

**Dennis Robertson:** I am the MSP for Aberdeenshire West.

**Annabelle Ewing:** I am an MSP for Mid Scotland and Fife.

**The Convener:** It is still the morning, but we apologise for the length of the previous session. I think that you will agree that it was an interesting session, and we are sure that this session will also be interesting from the stakeholders' point of view.

I will kick off with the question that was asked at the beginning about the timescale for the introduction of bans of various sorts. You do not all have to answer each question. Does anyone want to respond to the question about the timescales as they affect your organisations?

**Duncan Simpson:** The CIWM represents around 7,000 professionals in the United Kingdom, around 800 of whom are in Scotland. They are public and private consultants on matters such as education.

The majority of the views that we picked up suggested that, although challenging, the timescales were achievable and that the more important issue was the definition of banned material. For example, if there is a ban on aluminium, are we talking about aluminium foil as

well as aluminium cans? Are we going to be chasing the last crisp packet in the outer Hebrides? If what is being banned is defined, that makes the position much clearer to understand.

Overall, our members felt that the timescales were achievable, and that the most important issue was the guidance.

**The Convener:** I should say that we will probably come to the issue of food waste later on. Is anyone else interested in the issue of timelines at the moment? If not, Richard Lyle has a question.

**Richard Lyle:** I asked the other stakeholders about what the cost to business of the new regulations will be, so I ask the same question of the witnesses on our second panel. Also, what are the opportunities to make money?

I understand that the Coca-Cola plant in East Kilbride has a zero waste output. Does the company make any money from the recycling of the waste in the plant?

**Patrick McGee:** The first year in which we achieved zero landfill in every period of the year was 2011. Obviously, we have to bear transport costs but, because we have the right kind of segregation in place at our facility, we make a lot more back in recyclate credit from our waste handler. Basically, we pay our waste handler for transport movements, and we conduct the segregation ourselves on site.

**Jim Fox:** I can supplement that answer. We have come up with some rough costs. If we doubled the downside and halved the upside we would still be pretty much in black territory—it would not cost us money.

When discussing costs, I must be careful, because the costs for a business of our size are not easily transferable to small and medium-sized businesses.

It takes us about one full-time person to manage the recycling. We had to invest additional capital of around £100,000, but there was an extremely quick payback—-much quicker than the payback on our normal production lines.

The net benefit of recycling properly versus bundling everything in one bin and transporting it in an inefficient manner is about £300,000 a year. Our disposal costs used to be around £240,000. Now, we have a net benefit, with people paying us £50,000.

In round numbers, we used to spend £690,000 a year and we now spend £200,000. As I said, even if we halved the benefits and doubled the disadvantage, we would probably come out level. We think that we are doing all right.

**The Convener:** Indeed.

**Stephen Freeland:** Our industry welcomes the regulations, which provide a strong business opportunity as we move away from landfill, as they provide a platform for investment in a range of new waste management facilities.

Across the UK, we estimate that investment to be between £9 billion and £12 billion. As we move away from landfill, we are developing new facilities and new economic opportunities, with a diverse range of skill opportunities for new employees.

**John Ferguson:** I absolutely agree with Stephen Freeland. We are a service sector. We offer a service that, as well as being a business service and a public service, is a societal service. Our sector makes sure that we get the best value from the resources that flow through our economy. That is becoming increasingly important as an economic driver and regenerator.

There is a critical issue for the private sector. Although we are comfortable in servicing local authorities—there is a clear, albeit complex, procurement pathway there—the issue becomes complex in terms of raising the financing for private sector waste infrastructure or merchanting infrastructure, as members heard from the local authority delegates earlier.

Zero waste is a process. This is the first time that we have had such regulations—they are visionary, they are appropriate, but they are contingent on being delivered practically. We need to keep thinking about how to solve some of the problems. How do we get enough certainty in waste supply to be able to go to the bank and say, "We've got this tied down, so can we have the money to build the infrastructure?" That is one of the most fundamental issues that we face and it is the biggest single challenge to getting the infrastructure in place in time.

**Susan Love:** I guess that we all want to talk about cost, because it is obviously a major issue associated with any new regulations. From our perspective, we are concerned about the lack of clarity and understanding that we seem to have about the impact of the regulations and the cost for businesses. For our members, it is not so much about financing infrastructure development as it is about the cost of complying with the regulations.

My first concern is that the business regulatory impact assessment that was prepared has virtually no examples of costs for individual businesses, although that is, after all, one of the main points of a BRIA. I understand why that did not happen—it is difficult and there is a range of variables—but we need a better understanding of what the costs might be for different types of businesses in different parts of the country.

My other concern about costs is to do with the contradictory messages that I get, particularly from

local authorities, about what the cost will be for businesses. As will no doubt be discussed later, local authorities are important players for the smallest businesses in terms of waste collection. Some local authorities have told me that businesses currently save money by using the recycling service offered by the council, and some have told me that they have not put up charges this year because they have made savings from the increased recyclates that they are getting. However, other local authorities have told me that there is no doubt that the regulations will force them to put up their charges for collecting from small businesses.

From our perspective, it is difficult to understand what this is going to cost small businesses and how on earth to communicate that to businesses.

**Keith Warren:** We estimate that the cost of collecting food waste is about £100 a tonne, which is likely to mean a £4,000 a year cost for many restaurants and an £18,000 cost for larger hotels. What we are really scoping out here is the need for the BRIA to be much more thorough and comprehensive in what it covers before conclusions are drawn. Without that robust base of evidence it is difficult to draw any conclusions, but certainly the initial findings on what has been proposed in the regulations raise cost issues. For instance, costs are likely to be entailed as a result of action being taken on the proposed ban on food waste disposal units.

**William McLeod:** I feel a little bit like tail-end Charlie, coming in at the end to agree with Susan Love and Keith Warren. There is uncertainty over the likely cost impact of the regulations, particularly on smaller businesses, which may have to change their practices quite significantly. Compliance with the regulations could have staffing and manpower implications—and even space and premises implications.

I also concur with the point made about the BRIA. We are not convinced that there has been a sufficiently in-depth assessment of the likely costs of complying with the regulations.

11:45

**John Ferguson:** I will make two quick points. One is that the sector is increasingly competitive: waste receipts are falling, but there is no reduction in the capacity to service waste so the margins are extremely tight. In spite of that environment, most waste companies have not significantly increased their costs for at least three years, so there is a cost increase coming that has nothing to do with the regulations.

My other point is about the current cost of collecting food waste. Suppose you were to wait three or four years and go back to the companies and say to them, “Don’t you wish that we had done something four years ago, because look at the cost today?” By the time the landfill tax hits £80 a tonne—it may go beyond that—the cost of landfill will also have increased because there will be fewer landfills as a consequence of falling landfill receipts and longer distances to travel. The costs of doing nothing now will be much higher to business in four or five years than current food waste collection estimates suggest.

**Annabelle Ewing:** We raised the issue of the BRIA last week with Scottish Government representatives and they felt that there was no difference in methodology that would single out this BRIA for any particular criticism. Rather, they felt that they had engaged substantially with business and companies—perhaps to an even greater extent with this BRIA than might have happened with other BRIAs—and that the process was robust. I think that the point was also made—it has been alluded to in general terms this morning—that there is a cost in doing nothing, which picks up the point made by John Ferguson.

In tandem, a waste reduction strategy is taking place, and I understand that the Scottish Government has worked with the hospitality sector in particular to demonstrate the considerable savings that can be made from waste reduction. That is an important point to bear in mind.

On the new food waste collection requirements that are coming in between 2013 and 2015, we have seen demonstration projects of differing sizes throughout Scotland. I would have thought that there would be scope for third sector companies to step into the breach and offer very competitive rates for food waste collection from small business in particular.

There is also the macerator issue, but perhaps we could leave that to one side for a minute while the panel comes back on the points that I have raised.

**Duncan Simpson:** I have a number of comments and observations. I have seen a number of pieces of legislation come in that have included impact assessments and cost estimates, which are always extremely difficult to do. However, the actual costs have proven to be a lot lower than the estimates.

I agree with John Ferguson that the market is very competitive, and I think that as soon as business sees the opportunity to go out and provide innovative services, the sector will move towards that. I recognise the concerns of the hospitality trade and others. Often, the scale of their business has not been the same as that of a large manufacturing site where a large, clean, segregated waste stream has been in place for some time. Such sites are attractive to larger

waste management or resource recovery businesses that see the benefit of going to larger collection points. Often, people on the high street or in the middle have found it difficult to find a competitive service. The regulations will drive competitive services, as well as driving people towards these materials. In a way, the gauge in the mesh is being lowered and the milk round of collection will become more cost effective, and the members of Stephen Freeland's association will go out and try to contract those services.

I am aware that a number of larger organisations are working with their smaller customers. Some bigger businesses have had opportunities to pull out resource and have been looking at innovative ways of providing services for smaller businesses to come in and drop off food waste, for example, even with the duty of care regulations in place, which make that problematic. I am relatively optimistic that the industry will fill the space that appears to be there and provide a good, cost-effective service. That is much better than doing nothing, because landfill tax will keep the costs in place.

At a very high, jumped-up level, if we do not know where we will get our oil, energy or metals from in the future, the products on our shelves will cost a lot. We will have to fight for those resources and get them from somewhere else, and I would rather have them here.

**The Convener:** Zero waste gives us some hope.

**Susan Love:** I will make a couple of points.

I have been a member of the regulatory review group, which developed the new BRIA and worked with the Scottish Government to introduce it. The waste officials who were at last week's committee meeting came to the regulatory review group to discuss the BRIA. As we have acknowledged, overall there has been a commendable level of engagement from that team in working with us and other stakeholders. There really has been a lot of openness and a willingness to discuss what can be done.

However, we have consistently made the point that while the BRIA is comprehensive in looking at the costs from a macro level for Scotland, the nearest that it gets to looking at individual costs to business are when it divides up rough sectors and estimates the costs to them, and in the case study at the end involving Envirowise, hand-holding, intensive, on-site support. That is not the point of a BRIA, which is supposed to be about getting feedback from individual businesses on a variety of questions. For example, from a position of non-compliance, what would it cost my business tomorrow to become compliant? It would have been helpful if, as part of completing the BRIA, the team had been willing to do a bit more work to scope out different case studies.

On looking at not just costs but opportunities for cost savings through waste reduction and the role of the third sector, we should be clear that in the longer term the regulations will be normalised—to use a word that was used earlier—and will just become part of doing business. The costs will settle down, the market will open up and there will be a lot more opportunities for local groups and for the waste industry to move into areas in which it does not operate at the moment. Our primary concern is about the immediate term and the transitional period, when those groups are not yet operating or will not be able to get off the ground quickly enough to offer services to small businesses. It is about what the costs will be for small businesses on the day on which the regulations come into force and how they will adapt.

**Keith Warren:** Our fundamental difficulty with the BRIA as it stands is that it has drawn conclusions but has failed to address some of the fundamental national and international scientific evidence that is available. We feel that it is unfair that it draws conclusions without thoroughly evaluating the available resources. We therefore have to be careful about acting on those conclusions.

In addition, the BRIA fails to consider the potential consequences of some of its proposals for those who currently use equipment to solve certain problems. Again, we do not think that it is as comprehensive as it could or should be. We would be willing to engage to help the BRIA process through the provision of additional information.

**Annabelle Ewing:** Another point has been raised about macerators. This is about separating out that issue from concerns about the general business impact.

**Keith Warren:** It is pertinent to point out that different terms are used for different products. Food waste disposal units are used purely for food waste and its grinding and disposal to sewer or other waste treatment system. Macerators are often used in hospitals for the disposal of such items as disposable cardboard bedpans, cotton wool and some plastics. In our mind, there is a clear differentiation between the roles of those two products, which are used for very different outputs. In the context of our discussion, we have to be clear—and as a representative of CESA, I am certainly clear—about that. Food waste disposal units grind food waste to particles of about 2mm, which is about the size of a grain of rice, and then discharge them into the sewer or a dewatering unit for further treatment.

**Susan Love:** I am troubled by the deep divergence in the evidence that has come before the committee about the extent of the use of macerators—I am sorry; I know that we are not supposed to call them that—in commercial premises. The zero waste Scotland study suggested that macerators were used rarely in small commercial premises, and that the impact would therefore not be that great. As we have done no work on macerators yet, I had no reason to believe that that was not true. However, the evidence from the Catering Equipment Suppliers Association suggests that that is not the case at all. I would like the Government to clarify that before we go any further.

**Keith Warren:** We estimate that there are about 2,000 users of food waste disposal units in Scotland.

**John Ferguson:** This is a fascinating discussion on the issue that lies at the root of disposal, which is not about the equipment that is used, but about what we use the sewerage infrastructure for. I am curious, because I do not know how on earth putting food waste—which is not sewage—down a sewerage system complies with the European waste framework directive and the waste hierarchy requirements.

Scottish Water has concerns about the use of the sewerage system for food waste because of problems to do with fats, greases, blockages, rats and various other issues. The transition is difficult and I am sympathetic to the issues that businesses face, but we just have to help them get through it. It is a fundamental waste of resource to put fats, greases and foods down the sewerage system when we do not have the water treatment infrastructure to get the value from those resources.

**Stephen Freeland:** I probably agree with that. There are two options: the waste goes into either the sewer or some sort of alternative treatment—rather than landfill—such as anaerobic digestion or in-vessel composting. If we go for food waste collection and anaerobic digestion, we will get much greater carbon savings. The process produces not only a biogas, which creates renewable energy that can be fed into the grid, but a digestate, which could be used to replace the production of mineral fertilisers. This is a new industry for the waste sector, but it is evolving. It is able to produce biofuels, which can be used to run trucks, and the biogas can be cleaned and injected directly into a national gas grid. From a wider strategic perspective, the arguments seem to stack up in favour of using anaerobic digestion as a renewable energy source.

**Keith Warren:** In the context of waste treatment, we are talking about the integration of a waste strategy. Food waste disposal units have been around for many decades doing what they do, which involves discharging to the sewer. Typically, the units send food preparation products such as carrot peelings and the elements that we leave on the plate at the end of a meal to the sewer. There would not be much difference, I am afraid to say, if we digested it ourselves and it went into the sewer.

We are not necessarily advocating that a food waste disposal unit is the solution for every situation, as that is clearly not the case. However, the units are certainly complementary to the objectives of zero waste regulation, and are already, in various places, an established means of delivering food waste for further treatment.

We believe that the units satisfy the European Union waste directive's requirements at article 4. The sewage sludge will end up at the waste water treatment works where it can be treated further and used as a soil improver. The process is not an abdication from the system; it simply provides a complementary element to the processing of food waste. It is an important element of the process that many small and medium-sized enterprises such as restaurants and hotels need as part of their management and treatment of food waste. The other options that are open to them are often very expensive and can involve the storage of deteriorating food waste, which can cause vermin problems.

Such a system clearly demonstrates separation at source. Putting food waste through a food waste disposal unit means that it does not mingle with other contaminants, which might reduce its value. It also means that it is on its way to full and final treatment at the waste water treatment works.

12:00

**Annabelle Ewing:** This is obviously quite a heated debate. Hearing the different views from witnesses has been interesting and will inform the committee's work. When we took evidence last week from Stuart Greig of the Scottish Government, he said that the idea that we could still recover energy from food waste at the end of the pipe was fallacious, because we in Scotland do not have the infrastructure through Scottish Water to do that. That is something to bear in mind.

Mr Ferguson talked about putting things into the sewer. People's behaviour patterns and ideas about what is acceptable have moved on. We discussed the key issue of behaviour earlier today and last week. What I described might not yet be the case in great swathes of Scotland, but that is where we are going. If the industry took the suggested approach to disposal, it could not rest

on its laurels for long, because in due course the public would not accept it.

Hearing the technical arguments has been interesting. I thank the convener for the opportunity to discuss the issues.

**Margaret McDougall:** Hearing people's views has been interesting. Keith Warren mentioned what is happening in Europe. What is happening to food waste from catering services—the restaurant trade and the like—in Europe? Are they continuing to do what they have done for the past 20 years?

**Keith Warren:** I do not have information to provide about Europe, other than the internationally available reports about Surahammar in Sweden and other places. I would be happy to make those available to the committee, but I do not have the details in front of me.

**The Convener:** We would be happy to have the details from you. That would be useful.

**John Ferguson:** A general comment is that Europe is ahead of the UK on anaerobic digestion development. Animal slurries, crops such as maize and food waste are increasingly being put into such systems. That avoids using landfill for those materials and creates closed-loop nutrient cycles. As Stephen Freeland said, that is a viable nutrient system that can be put back into field systems.

**William McLeod:** I am happy to check whether my BHA colleagues have information on European comparisons and, if they do, to make that available.

**Duncan Simpson:** We recently heard from an industry speaker from Germany. As John Ferguson said, Europe appears to be further advanced on AD technology. My observation about the presentation was that a proliferation of plants were looking for materials. In the first instance, businesses had talked about gate fees. Given what was said this morning, it was interesting to hear about a cost of €45 to €50 a tonne to take in material in the early days of AD in Germany. Those prices dropped to zero and, in some circumstances, organisations have been paid to put material into plants.

A number of AD plants in Germany fell by the wayside. Some went small scale to deal with more rural communities or specific sites. The larger-scale plants secured what they saw as good-quality, high-value streams from commercial processing plants or food waste that did not contain packaging—depackaging is an issue. They were happy to pay for a better contract that provided a reliable, consistent and good-quality feedstock. The industry will actively seek food waste for plants.

**Susan Love:** It is important to recognise that most small businesses in Scotland are just citizens who happen to run a business. They are becoming increasingly used to recycling behaviours in their homes and families and they want the same in their businesses. There is frequent evidence from our members that they want to be able to recycle. I do not want the committee to be left with the impression that businesses are trying to avoid recycling—they want to do it. As the Government officials mentioned last week, the key to getting households to recycle more was to put in place simple, easy-to-use systems. The exact same is true for small businesses. They want to do it; the difficulty is how we do it.

**Jim Fox:** I do not know whether this would be helpful to small businesses, but we think that a market needs to be created. At the moment, everyone is talking about pushing recycling, rather than about creating a market that pulls recycling.

We have just invested in 14 biogas vehicles, primarily to show our credentials at the London Olympic games. Those vehicles are the start of bigger things. You have to pay more for biogas vehicles, because they cost about 20 per cent more than the normal truck, and you also have to create your own infrastructure—which is not easy—because the infrastructure does not exist. If more and more such behaviours happen, we would start to get a pull behaviour that would make food waste recycling more viable. As big businesses, we have a responsibility to start that ball rolling. We cannot keep putting in the money, but at the moment we are happy to show an example. Those 14 vehicles are probably the first in the country.

**The Convener:** I hope that you get an opportunity to tender to do the same at the Commonwealth games because it would be useful to have that example.

**Jim Fox:** We are looking to do that.

**The Convener:** You could double the numbers.

You are adapting and your company can do that on a big scale, but is the market ready to recycle and reuse items? Does the panel believe that the waste management sector is in a position to develop a market for waste, to enable compliance with the regulations?

**Jim Fox:** That is the point. You have got to create the pull behaviour. At the moment, that does not exist in a lot of these areas.

**Stephen Freeland:** Our members have been working with their customers for a number of years. We have been anticipating the regulations for quite some time—although the goalposts have

been changing, frustratingly—and have been aware of the direction of travel for a while. We are aware that a key issue is SMEs, due in part to their geographical spread and because the amount of material that they produce can make getting the right sort of collection service problematic. We have been working with the FSB at the UK level to try to put in place a charter to give greater transparency about collection systems, collection contracts and what is available on the market. Some of our members have created a quick and easy search on the internet that allows businesses to pinpoint our dedicated service for the materials that they are producing. That is beginning to work.

I gather from our members that many of their customers are fully on board with the need to recycle. The question is working out the technicalities of doing that in the most efficient way.

**John Ferguson:** Markets always fluctuate; demand cycles go up and down. A couple of things must be recognised. There is international demand for materials, which gives us a strong buffering capability in terms of finding productive places to put materials. The issue for Scotland and the UK is to develop the indigenous infrastructure for reprocessing. For a lot of materials—steel, aluminium, some of the paper and a lot of the plastics—we depend on English large reprocessing infrastructure. Some of the infrastructure is very large scale and we may not necessarily be able to duplicate it in Scotland, but we can certainly do so for plastics reprocessing. From there, it is a question of grabbing the opportunity of low-cost material flows to create product and create jobs from remanufacturing those materials. I see a lot of opportunity in processing low-cost material that comes to the market and making something that society needs. So, reprocessing is done internationally and domestically in the UK, but we need to focus on our domestic reprocessing infrastructure in Scotland and, where possible, make stuff from that material.

**Duncan Simpson:** I echo the points that have been made about getting from the bad old days of recycling to where we are now. Apart from in October 2008, when the financial crash happened, the vast majority of dry recyclate materials have had a positive value. Legislation has also helped to support the prices of such materials.

There has been debate around how the quality dictates the price of the materials and their volume. However, companies such as Coca-Cola have invested in plants to create demand for plastic. It is worth remembering that the price of plastic tracks the oil price, which I have not seen coming down recently. As John Ferguson said, there is a global market for recyclates. Most of the industry in the UK deals at the Scottish, UK and international levels.

What is absolutely critical if we want to get as much value from the materials as we can is to concentrate on giving businesses the confidence to use them in their manufacturing processes. For example, I am sure that Coca-Cola would tell you that they specify the products that go into their packaging that are to be reused, which creates large-scale demand.

As John Ferguson said, instead of people taking a shortcut—for example, with commingling, choosing the lowest common denominator value stream for the material to go to—if they pull out the contaminant that other markets do not want and uprate the material by finding a suitable application for it that has a demand in Scotland, they can start to create niche businesses.

A lot of work on that is required from enterprise companies, zero waste Scotland and the Government. There is also a big challenge for the manufacturing sector and small businesses and others to say, "If in Scotland there is a reliable source of good-quality material that can be guaranteed day in, day out and I can use it, is there an opportunity there?" If we can start thinking in that way—as a resource economy—we will benefit a great deal from the regulations.

**The Convener:** Before we move on to source segregation, Claudia Beamish and Graeme Dey want to address a couple of points from earlier.

**Claudia Beamish:** Good afternoon, everyone. I am particularly interested in the points that the previous two witnesses have made about developing the market and about the step change that we will all have to make and are in the process of making, given the direction in which the regulations, in my view, strongly point us. I want to tease out a little more with any of the panel members both the carbon footprint issue and local employment and small and indigenous businesses, community businesses and possibly co-operatives. How can the infrastructure be encouraged and developed and could government, at any level, facilitate that?

12:15

**John Ferguson:** This a wider sustainable development issue. Much of what needs to happen is about decentralising things and getting more local infrastructure. We need more local jobs, more local cycles of products and shorter supply chains, as is happening with food. That is a challenge for the large corporations, although they are completely aware of the agenda. The supermarkets, for example, are sourcing food more locally.

We can set up more decentralised regional production. Regional manufacturing hubs can make multiple products for local distribution, instead of having the old story of the bread lorries from Glasgow and London that pass one another at Carlisle in the middle of the night—the cost of such logistics starts to militate against such a system.

Zero waste Scotland is doing a lot of work on specific materials, such as plastics, to consider where we have strengths and infrastructure and to identify gaps and areas in which market interventions are needed. It is working with SEPA, for example. The existence of zero waste Scotland as an agency to support Government, which specialises in the whole issue of resources, will significantly assist us in considering where we put our effort to improve the situation.

We have made massive strides in the community sector, which is excellent at finding niches locally, often in rural areas, and in leading on new areas—it was the first to do mattresses, the first to do carpets and the first to do biodiesel from cooking oil. The community sector often shows the viability of an approach, although it is unable to sustain it, but the approach then gets picked up by the commercial sector. We should not forget the value of the trailblazing that is done.

**Duncan Simpson:** I sound a note of caution. At UK level, if we consider the amount of glass that can be used in the furnaces of the glass remelt plants that we have, we find that we still have 600,000 tonnes that need to find a home if we are to hit the targets across the UK. Zero waste Scotland and others have worked extremely hard to find alternative end markets for those materials, including aggregates and—more important—fibre wool.

If there is only one end market, the risk is strong and there is a monopoly situation, which is not good. An oligopoly situation does not get us to a better place. The best place is one in which there is lots of choice about where the material can go. We must think about where such choice comes from and how we encourage it.

**Graeme Dey:** In Scotland, Coca-Cola has set a tremendous example for major companies. What plans does it have to roll out what it has been doing to the rest of the UK and—perhaps more significant—beyond these islands?

**Jim Fox:** We want to be leaders in sustainability, not just in relation to recycling but on a broad base. That is an important part of our reputation management. It is about brand values and a host of other things. The UK and Great Britain, in particular, are currently pretty much at the forefront of the zero waste approach in our factories.

More important for us is packaging avoidance and trying to get to a more sustainable pack in the first place. For instance, polyethylene terephthalate—PET—is one of our biggest packaging formats. At the moment, that is pretty much oil based. About four or five years ago we tried to get it to contain 25 per cent recycled material, but we could not do that because good, clean, food-grade recyclate was not available, so we had to invest in the recovery infrastructure. We will probably get to 25 per cent some time this year; we now have a plant-based PET.

We are trying to get to the ultimate bottle for the next two to three years. I am sure that things will move on. We want a bottle that is 25 per cent recycled material and 22.5 per cent plant-based PET material, and we want to do more recovery. It is an on-going battle.

We pay a lot of attention to where we are going to be in three or four years' time and then in 10 years' time, because the trick is to take a fairly long view of who will invest, how much they will invest and how much of that investment will go down the line to small businesses. In the main, we are looking at avoidance and at having much more sustainable packaging in the long run.

**Patrick McGee:** As far as the supply chain is concerned, Coca-Cola is a very standardised company; indeed, as Jim Fox has pointed out, many of our sites have already achieved zero waste. We are very good at sharing best practice and innovation across our 16 European plants and certainly think that it is important to listen to each other. Of course, as a very big company, we are able to spend money on that activity but we also appreciate that there are many benefits in investing in, for example, PET shredders both to reduce the number of road miles involved in transporting recyclate material off-site and to remove product rejects and their associated disposal costs. The company shares that wide range of benefits and, as a result, is moving forward.

**The Convener:** Dennis Robertson will now broaden the discussion slightly to ask about source separation, separate collection and high-quality waste.

**Dennis Robertson:** First of all, I should welcome the FSB's indication that it is willing to move forward on this matter, because I was getting a bit concerned about certain earlier comments.

There are different views on whether commingled waste collection is actually the right way to go or whether waste should be separated out. Will commingling give us the end-product that we need and allow us to utilise recycled material?

**Susan Love:** I must apologise, Mr Robertson—I did not want to cause any concern.

As far as businesses are concerned, a lot of this will come down to the practicalities of the collection system on the ground. Many of the smallest businesses probably do not recycle at the moment and, indeed, use their local authority for that work; however, the very small amounts of waste that they produce are similar to if not less than the amount of waste produced by a household. Given the practicalities of storage and the frequency of collections, I find it hard to see how these measures will work for businesses unless commingling is allowed. Various groups with whom I have discussed the issue have highlighted what happens in Ireland. Someone might correct me, but I am told that Irish businesses have a two-bag system for residual waste and dry recyclate, and that approach to collecting recyclate has been bandied about as an option that might work for small businesses. The smallest businesses might be throwing out tiny amounts of milk cartons or cans and if they have to segregate all that waste, I simply do not know how that would work at a practical level and how local authorities would be able to manage things.

However, it all depends. Some businesses have told me that if local authorities have invested in a system that requires every individual bit of recyclate to be segregated, they will simply have to deal with it. It will present a real challenge though.

**Dennis Robertson:** Could businesses work together on this?

**Susan Love:** They could. There have been such opportunities through, for example, business improvement districts and different community groups, but such an approach will not cover every eventuality, every small business that has to deal with the issue or the question of having a collection facility that works for all businesses on day one.

**Stephen Freeland:** Our sector's future is based on improving the quality of recyclates through the waste stream, but the regulations provide flexibility to allow commingling or source segregation. We think that that is the best approach. Our members provide both types of service, depending on the circumstances of either the local authority or the customer.

I am pleased that the debate so far has been quite positive towards commingling and source segregation, but outwith the room quite strong views are expressed that kerbside sort is good and commingled waste is bad. We must move away from that view and address some of the concerns.

When material goes to commingled collection, it goes to the material recovery facility. The MRFs operate to the markets and provide quality material for the market. The MRF can provide the material that the market requires, which might be material of a certain quality, to the end customer.

We are conscious of quality, and we feel that rather than seeking to impose a quality standard at some arbitrary point in the supply chain, there should be a greater emphasis on MRF operators adopting good industry practice and developing quality management systems to allow traceability throughout the process, so that the end reprocessor knows exactly what type of material they will get and its quality. That would be a far better approach.

**William McLeod:** I will change tack slightly. It is probably fair to say that most larger, branded hospitality businesses exercise very good practice in recycling, reuse and management of food waste. The issue rests with the smaller businesses. The hospitality sector in Scotland and, indeed, in the rest of the UK has been working closely with zero waste Scotland and the Waste and Resources Action Programme to look at voluntary schemes. I think that we will shortly see the launch of a voluntary scheme in Scotland for the hospitality and food service sector.

In many respects, that is the way to go for the smaller businesses. I agree with Susan Love that many smaller businesses—which predominantly have fewer than 10 employees, including the owners—are looking at how they can better recycle and better manage their waste. They need education and time to make the transition. The voluntary scheme will help them to make that transition and change attitudes and practices.

When one looks at the voluntary scheme in relation to the regulations, it is worth recognising that businesses that operate cross-border between, for example, England and Scotland, could find themselves operating under two different regimes. We support the voluntary scheme that is coming through from zero waste Scotland.

I do not know what the total number of tourism and hospitality businesses is, but if we pick a commonly used number of about 18,000, only 800 of those are in the green tourism business scheme, so there is the opportunity to grow that. VisitScotland is working on a pilot to introduce sustainability measures into its quality assurance assessments in the serviced accommodation sector.

There is scope to move forward. I reiterate that the hospitality sector recognises the benefits from improved practice in this area and we support a move in that direction.

12:30

**Jim Fox:** We do not mind the devolved approach to recycling.

We started with 15 bins in our factories. That is not practical for households or small businesses. We tried to work out what we should ask local authorities to aim for, so that it fitted in with our long-term plans. We moved to eight bins and we then got the figure down to five. When we talked to more local authorities, we established that that was not really practical. We decided that, ideally, the figure would be five and one of the bins would be for plastic bottles.

Commingled waste is a good way to create more recycling behaviour but not necessarily good recovery behaviour, to look at it from the other end. We do not mind commingled waste in the right circumstances, but the commingled grouping needs to look towards the recovery end.

There is no point in putting into the commingled bag things that detract from high-quality recovery at the other end. Even if the material that goes in the bag is technically recyclable, if it will not be recycled and is in the way, it should be taken out of the bag and we should be big enough to say that it is not going in the bag.

We have got more and more expert at that by having to buy into the industry. We have made investments in it. When we go to reprocessing plants, we see what reprocessing managers have to put up with. They show us, for instance, food trays, plastic film and DVDs that are in the commingled plastic bag but which work absolutely against any kind of quality output from the plant.

**Duncan Simpson:** I agree with all the comments that have been made. We have talked about the market coming in to help small businesses, and the FSB has said that small businesses have a tough enough life without having to understand the intricacies of the waste management and recycling sectors. The key thing for which the regulator must watch is individuals who enter the market and say, "Just put everything in that one bin. I will take it away and magic it into zero waste." The regulator needs to make sure that there is an even playing field between reputable operators and others who will come into the market to make a quick buck.

There are circumstances in which an operator's business model can be to downgrade the service that they provide so that they can offer a cheaper rate. They will say that it is not a problem to take the contaminated plastic and will then bleed it into good-quality material and try to sell that to someone without them knowing that the other material has bled into it.

There are practices to which people will move to try to get round the regulations.

Commingling can work well if it is done in the way that Stephen Freeland talked about and in the way towards which his sector and many local authorities are moving, so that there is an audit trail for the material. A customer asking what an operator does, asking how they do it and even taking a day to go and visit the plant where the stuff is processed might put that operator on their toes. It is good to see where the material goes.

**The Convener:** We must finally get round to the bin police and enforcement powers, which we want to talk about. Graeme Dey will lead on that.

**Graeme Dey:** Mention of the bin police conjures up visions of sending the boys round. Some of the witnesses were in the public gallery when we took evidence from the previous witnesses and will be aware that we discussed enforcement. They will also be aware that several respondents to our consultation indicated that enforcement powers would be required to make the regulations effective, but SEPA talked about existing powers under section 34 of the Environmental Protection Act 1990.

I guess that the witnesses' perspective on regulation might be slightly different, but I would be interested to hear their views. Do we need to win hearts and minds and take people with us, as someone said earlier, or is there a role for enforcement?

**Susan Love:** As one of Scotland's regulation junkies, I will start. How we get enforcement policy right is a bit of a theme in the better regulation Scotland agenda. It is not only about sanctions, although those are part of it; it is about having a whole policy for enforcing regulation, from communication through implementation to enforcement.

The FSB has tried to make the point that a specific group is needed to consider that. I am encouraged that COSLA has taken the lead on the matter with the Scottish Government. I think that some work is going on, particularly among trade waste managers, on how the regulations will be enforced. We have indicated that we would like to be part of that and have offered the help of the regulatory review group.

Many local authorities have told me that there will not be bin police going round checking what businesses are doing because local authorities do not have the resources for that. However, I was surprised to see that their submissions all mentioned the need for extra sanctions. That has made me a little nervous.

The only way in which we can answer the question is to have a group sit-down and look at

what the processes will be. There seems to be some confusion, particularly among local authorities, about who will have responsibility for checking up on compliance. Will it be the waste department or environmental health? We need to understand that and to understand what types of offences can be committed and whether we need stronger sanctions to deal with those offences.

**John Ferguson:** I will comment not on the local authority enforcement issue but on the enforcement of the commercial, industrial sector. From a purely pragmatic perspective, it is fundamentally impossible to enforce small businesses. You need to enforce the waste operators, who will in turn ensure compliance by the businesses. It is much better to develop that customer focus relationship.

The waste industry is gearing up to give advice to small businesses on how to comply with the regulations. Critical to that is SEPA enforcing equitably throughout the country and ensuring that the cowboys do not get too much of a foothold here, by which I mean the companies that say, "Here's your magic bin. Put it all in here and we'll make zero waste out of it." We struggle with the companies that work on the margins and do not comply. That was a consistent criticism of SEPA all the time I was there and it still is. It is a difficult issue to deal with, but SEPA has to keep trying.

There are other areas in which regulation is important, such as in applying the standards for treating residual waste. We have not touched much on the issue of incineration energy from waste. Treating residual waste is a fundamentally good thing because it allows us to recover more recyclate and create much more structured, high-value fuels, where we know what we are burning. That allows us to build public confidence. However, the standards for the treatment of residual waste must be applied pragmatically through SEPA licences.

The key thing is that where SEPA has not yet developed the methodologies, it needs to consult industry on developing guidance on applying regulation, for example in treating residual waste. I am confident that SEPA will do that. There are bits of the regulations that need to be delivered and we do not yet know quite how they will be delivered, so there is still dialogue to be maintained.

**Keith Warren:** Our concern is that the proposed single-solution model for food waste obviates what some 2,000 businesses out there are already doing with their food waste, which is managing it so that it is treated. It is demonstrable that where kerbside collection is the only means of collecting food waste, contaminants or other objects that go into the food waste can make 20 per cent of it unusable for treatment by anaerobic digestion; therefore, as things stand, that 20 per cent would have to go to landfill. Given the overall objectives, that is not sustainable.

We have heard others say that markets will change and evolve. They certainly will, and we see a great opportunity for industry, certainly as far as commercial catering establishments and the manufacturers of commercial kitchen equipment—who already have innovative solutions—are concerned. There are dewatering units that can turn food waste to a pellet, which could be kerbside collected; in-house composters are also available. Other products will come through and start to satisfy the need, which will achieve the objectives of the zero waste policy. We feel that being prescriptive in any one area will restrict the opportunity for businesses to comply and will reduce such innovation and opportunities.

We have heard fats, oils and grease being described as an issue. When those enter a sewerage system they are entirely separate from what we are talking about here. It is an issue but it is being dealt with elsewhere. We worked with British Water on a code of practice on fats, oils and grease management so that they are not a problem. It is important that we are clear on what the objectives are.

There needs to be an open, integrated approach to food treatment. Going down a one-solution path will probably reduce the overall effect of the regulations and will not achieve the long-term objective that we all share, which is zero waste.

**The Convener:** That is quite a good point at which to draw our thoughts to a close. That goal is what we are here to find a way towards. The witnesses' opinions have been most valuable and I thank them for giving us a wide experience of where the stakeholders feel they are.

I remind committee members that we will next meet on 18 April, when we will take evidence on the Waste Scotland Regulations 2012 from the Cabinet Secretary for Rural Affairs and Environment.

*Meeting closed at 12:40.*

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