

Environment Bill – supplementary written evidence from the Food and Drink Federation (FDF)

21 April 2020

Further to the oral evidence provided by David Bellamy, FDF Senior Environment Policy Manager on 10 March 2020, please find below additional detail we hope will be helpful to the committee once it resumes its deliberations.

1. Introduction

Food and drink manufacturing is a UK success story, contributing more than £28 billion to the economy each year and employing over 430,000 people. As the largest manufacturing sector – bigger than automotive and aerospace combined – we have a footprint in every constituency.

The Food and Drink Federation (FDF) welcomes the proposed Environment Bill, the country's first major overhaul of environmental legislation in over 20 years. The Bill's evidence-based approach to environmental policy establishes a new domestic framework for environmental governance and accountability.

We are fully committed to playing a positive role in building more resilient and sustainable value chains in the future. We hope that further detailed consultations with the sector will continue as the Bill progresses through its legislative stages. There is much detail to be determined through secondary legislation and the timing of this will be crucial to ensure manufacturers can more confidently invest in future projects that contribute to sustainable growth and development.

FDF's Sustainability Ambition

FDF's [Ambition 2025](#) sets out our vision of a thriving, responsible and sustainable UK food and drink industry. Building on our [first plan](#) launched in 2007, it sets challenging targets on water usage, packaging, food waste and logistics and will be refreshed later this year. Based on data published by WRAP in January 2020, the food and drink manufacturing sector has delivered a reduction in food waste of over 30 per cent on a per capita basis since 2011 (excluding inedible parts), with over half of this reduction being achieved between 2015 and 2018. FDF members have halved their CO2 emissions since 1990, having reduced total emissions by 53.2 per cent, and delivered a 38.5 per cent reduction in water consumption between 2007 and 2018.

Our food system is set to face unprecedented pressures as demand for resources and the effects of climate change intensify. This will require a transformation in how we do business – from the ingredients used, to the products made, to how they are packaged and transported.

2. Environmental governance framework

The FDF supports the proposal to establish an Office of Environment Protection to hold government and public bodies to account on their duty to the environment after EU Exit. The inclusion of climate change within the remit of the OEP is welcome – it is key that the interrelated nature of climate and the environment is acknowledged. To ensure that the OEP is truly independent, it seems sensible that the budget and the ability to appoint is outside of political control.

When creating their policy statement on environmental principles, FDF recommends that the UK Government should look at each environmental principle – and how it will be applied – individually. Where any clear risks to the competitiveness of UK industry are recognised, the Government should be willing to review the current list of environmental principles. The biggest challenge of the Bill is that much of the detail is to be achieved through secondary legislation. This means that there is limited visibility and currently no way to assess the full impact on the food and drink sector. This particularly applies to the environmental improvement plans and targets therein. Businesses want to be involved in the target-setting process, and we encourage government to consult widely with stakeholders.

3. Provision for world-leading environmental protection

FDF and its members welcome the launch of the Environment Bill and the UK Government's commitment to establish a long-term environmental framework after EU Exit that embeds sustainability into future government decisions. The food and drink sector has an essential interest in protecting and enhancing the natural environment because of its reliance on a continuous, adequate supply of safe and high-quality raw materials.

We hope the Bill will build on existing and proposed pieces of legislation in the creation of a consistent evidence-based approach. Proper consultation with food and drink businesses across the supply chain will allow for the provision of expert advice to fill knowledge gaps and ensure that proposed policies will achieve their desired effect.

FDF members have been contributing to our environmental ambition, Ambition 2025, which followed on from our successful Five-Fold ambition. Our members are dedicated to protecting and enhancing the environment. However, subject to more detail being available we do have some concerns about the likelihood that powers in this Bill will lead to further restrictions on abstractions (which could have an impact on the wider agri-food supply chain), on air emissions (which could hinder the ability to deliver products and operate factories) and on biodiversity net gain applying to all planning permissions (which is likely to add to the cost of investment). This includes the uncertainty over the timing of some of these measures.

Arguably, it is not clear what contribution the Bill will make to mitigating the impact of climate change. The Environment Bill and the Climate Change Act need to work together to support the establishment of a long-term environmental framework after EU Exit that embeds sustainability into future government decisions. Government must ensure that measures in the Environment Bill support the delivery of the Net Zero by 2050 target.

4. Changes to current EU regulations

We would ask that consideration is given to industry's needs before making any changes to current EU-based regulations (whether they surpass or alter current EU regulations) on the basis of the statement that change means adding a level of friction, and we need to see the least amount of friction for our supply chains.

Food and drink manufacturers need confidence that government will not weaken the commitment to the UK's current environmental standards. It is also paramount for food and drink manufacturers that there is as little friction as possible in any future UK/EU free trade agreement. Maintaining equivalent – or higher – standards is a key part of this.

We would therefore welcome assurances regarding any changes, whether this is by way of an amendment to the Bill or a statement to Parliament. As a possible amendment, we propose under Part 1 — Environmental governance; Chapter 1 — Improving the natural environment; (16) Policy statement on environmental principles,

“Any new sovereign regulations (that originate from the EU) that will be subject to any points of change should be published in a Ministerial policy statement”.

5. Waste hierarchy provision

FDF members are committed to working to the waste hierarchy where the aim is to avoid generating waste in the first instance. For example, on food waste, preventing waste and surpluses wherever they occur in the supply chain from farm to fork is a key priority for FDF members. Recent results published by WRAP show that the food and drink manufacturing sector delivered a reduction in food waste of over 30% on a per capita basis since 2011 (excluding inedible parts), with over half of this reduction being achieved between 2015 and 2018.

Specifically, on packaging our members’ focus is on optimising their packaging systems so that they contribute to a net improvement in the use of resources, make supply chains more resource-efficient, achieve a high level of safety and hygiene, meet consumers’ needs and preferences and address environmental issues.

Also, those placing packaged products on to the market must fulfil the essential requirements regulations. These require that ‘packaging volume and weight must be the minimum amount to maintain the necessary levels of safety, hygiene and acceptance for the packed product and for the consumer’. In addition, there are legal requirements around prevention and working to the waste hierarchy. Under *The Waste (England and Wales) Regulations 2011* if your business or organisation produces or handles waste you must take measures to prevent waste and apply the waste hierarchy when you transfer waste.

We expect the forthcoming extended producer responsibility (EPR) reforms and particularly the move towards producers paying full net costs for managing packaging at end of life to further encourage decisions in line with the waste hierarchy.

6. Resources and Waste Strategy related targets

In the UK Resources and Waste Strategy, the government’s ambition is to “eliminate avoidable waste of all kinds by 2050”. The FDF interprets “avoidable waste” is waste comprising materials that are non-recoverable or non-essential. Currently there is no clause in the Bill that defines “avoidable waste”. Members of the committee may wish to consider whether an amendment may help in providing industry with clarity.

Voluntary initiatives by business can also help to reduce waste. The FDF is a strong supporter of the work of the UK Plastics Pact (UKPP) which has a target to make all plastic packaging placed on the market recyclable, reusable or compostable by 2025. The UKPP has also a list of eight problematic or unnecessary single-use packaging items to be eliminated through redesign, innovation or alternative (reuse) delivery models.

Whilst FDF broadly supports the government’s proposals to reform the packaging producer responsibility system, it is important that such reforms lead to a coherent, transparent and integrated system that continues to operate on a UK-wide basis. This in turn will help to minimise the negative impacts on business, local authorities and consumers as well as promote long term infrastructure investment and planning. It is also vital that the proposals and those put forward in the linked consultations on a Deposit Return Scheme, a plastics tax and consistency of collections, work holistically and that producers do not end up paying multiple times for the same packaging item; it is also very important that additional monies raised from business go towards improving recycling.

Further to the latter point FDF members have been experiencing serious financial hardship due to a significant escalation in Packaging Recovery Note or PRN prices, particularly for plastics and aluminium. Along with other parts of the packaging value chain we have sought a meeting with Defra ministers since July 2019 to discuss this issue and the possible solutions. Unfortunately, the ministerial roundtable that was planned for November 2019 had to be postponed due to the General Election. In February this year we submitted to Defra officials, jointly with the BPF, BRC and BSDA, our proposals for immediate actions that should be considered and which we would like to discuss further with officials and ministers. While we were pleased to see powers included in the Bill that would allow a compliance fee mechanism to be introduced into the packaging regulations we remain disappointed that a ministerial meeting to discuss this and our other proposals has yet to be rescheduled.

7. Provision for the introduction of charges for any single-use plastic item used in connection with goods and services

For single use plastic items of packaging, we consider that a better way to achieve the same outcome would be through a reformed EPR system and in particular the use of modulated fees. In this way, there is more certainty that the monies raised can be used to improve the system and deliver better environmental outcomes; this approach would also avoid the risk of producers being charged twice or even three times, if the plastics tax is included. In terms of interventions that seek to promote alternative materials to plastics, we must be mindful of unintended consequences such as greater environmental impacts when assessed across the full life cycle.

Notwithstanding our principle opposition to charges we would strongly urge that they only be considered following a public consultation. We would also ask that an amendment be added in this section in 52 (3) and 52 (4) that the introduction of a charge is only considered following a public consultation, as opposed to going straight to an affirmative or negative Statutory Instrument procedure.

8. Deposit Return Schemes (DRS)

The FDF is clear that any DRS must be designed to sit alongside a reformed packaging producer responsibility system. That is why the FDF has called for the UK governments to work together to introduce holistic change to our waste management and recycling systems concurrently. Specifically, on DRS we support the introduction of a well-designed, coherent and co-ordinated 'all in' DRS system operating on a GB-wide basis as a way to increase recycling levels and tackle litter and modelled on international best-practice such as the 'Nordic model' used across Scandinavia. This approach would have advantages both in respect of consumer and household communications and would also help to mitigate against potential for fraudulent operations across borders.

However, as the Extended Producer Responsibility (EPR) framework is being reviewed, along with developing a more standardised collection model across the country, we would expect the overall service provision and funding mechanisms for Local Authorities to evolve to take account of a DRS. The FDF believes that Local Authorities should also see increased support from the reform of the EPR legislation in the form of additional funding and support on communications.

In practice, our assumption is that while local authorities may lose revenue from sales of materials collected through kerbside, DRS also reduces the cost of collection (due to lower volumes), litter picking and any additional costs associated with those materials given that it creates a closed-loop recycling system. In fact, the Scottish Government concluded in 2019 in its Impact Assessment that 'An overall net benefit to local authorities is predicted'.

Nevertheless, it is understandable that with the introduction of both a DRS and a reformed packaging producer responsibility system, local authorities might want to renegotiate or even exit existing contracts to take into account different volumes of material being collected and the changes to the revenue that can be 'netted-off' from that. We would suggest therefore that the UK and devolved governments should consider what level of support they could provide to local authorities to help them manage earlier alterations to contracts. This need would be greatest if DRS was to precede EPR.

We also understand there is also discussion about how local authorities can raise revenues from a DRS system. There is scope to consider how local authorities could benefit by either receiving the deposit value or counting deposit bearing containers in their collection figures where they are misplaced by consumers into kerbside collections. However, we do not consider that authorities should not promote the use of household collection systems for DRS formats as it introduces significant confusion and is likely to undermine understanding and effectiveness of the scheme.

9. Provision for household and business waste collection

It is imperative that a system of consistent household collections for dry recyclable materials is in place in time to support the new producer responsibility system due to become operational from 2023. This is particularly vital in order to support the new mandatory national recyclability labelling scheme. Otherwise we will lose the support and trust of citizens, and the transformation in recycling that we all want to see will not come about.

FDF would like to see plastic film along with multi-layer laminate materials including food and beverage cartons () included in the core list of materials to be collected over a timescale aligned with the work being undertaken by the UK Plastics Pact or sooner if possible.

FDF supports the proposal to introduce weekly separate collections for food waste. Food manufacturers have reduced food waste by 30 percent within a decade but consumers still generate the highest proportion of food waste, demonstrating more must be done.

10. Provision for water abstraction licence compensation

The Bill includes new provisions on water abstractions. From January 2028, the Environment Agency will be able to vary or revoke an abstraction licence without paying the licence holder compensation where the licences "cause, or risk causing, considerable environmental damage", or if they "consistently abstract less water than their licensed volume".

This could have an impact on the wider agri-food supply chain. Reliable and sufficient freshwater is important for the long-term sustainability of the food and drink industry; water is required for raw materials, processing needs and as an ingredient. Threats to abstraction licence headroom are a concern, particularly when the on-going implications of climate change on water supply could mean that headroom water now could become core water in the future.

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