IEMA Transforming the world to sustainability

Environmental Targets under the Environment Bill

IEMA recommendations on resource efficiency - to support the implementation phase of the target setting process

This document constitutes the IEMA position on the topic of resource efficiency and waste reduction, to help inform the implementation phase of the Environment Bill target setting process over the coming months.

It has been prepared with the support and the insight of the IEMA Circular Economy Network steering group, which has contributed to IEMA engagement on the Resources & Waste Strategy, alongside the IEMA Fellows Working Group on the Circular Economy, over the past two years. The document builds on previous IEMA discussions with DEFRA in 2018 regarding IEMA recommendations on the upcoming Resources & Waste Strategy (RWS), as well as subsequent IEMA consultation responses on the various areas of the RWS. Given the wide relevance of resource efficiency for IEMA's 16,000 members working across industries and sectors, we have focused particularly in our recommendations on the resource productivity targets rather than waste reduction. We would welcome the opportunity to discuss the recommendations set out below at a roundtable meeting with DEFRA and others if that would be helpful.

About IEMA

IEMA is a professional body with over 16,000 members in 116 countries. Our members are sustainability experts working in public and private sector roles across a wide range of industries from financial services to development and construction. Through a combination of training programmes, sharing of best practice and thought leadership and advocacy, we work with our members to drive change in areas such as corporate sustainability, climate change and energy, the circular economy, environmental management and impact assessment.

The **IEMA CE Network steering group** is a formal group of senior IEMA members, supported by the IEMA Policy Team (including Martin Baxter, Chief Policy Advisor, and Marc Jourdan, Policy & Engagement Lead), with extensive industry expertise in sustainable resource management and the circular economy. The steering group members collaborate to help develop a work programme for IEMA members that shares good practice and case studies, helps develop tools to assess maturity, and contributes to shaping legislative, policy, research, standards and guidance initiatives on the topic of sustainable resource management and the circular economy.

To help inform its position on the Environment Bill target setting process, IEMA organised a series of online workshops, member surveys and webinars to collect member perspectives. This included:

- Setting out a member survey to test our ideas with 114 members, sharing this widely with others.
- Two online workshops led by the IEMA Circular Economy Network Steering Group to provide an opportunity for 128 members to discuss the proposals on resource efficiency and waste reduction in-depth;
- A webinar with 686 attendees, including live polls to test views on key questions.

Executive Summary

- **We support the government's aim to increase resource productivity but we believe that current policies to support enhanced resource productivity mean we will surpass the objectives of doubling resource productivity even without setting a target. We therefore call on government to raise the ambition of the target and look to move beyond tripling resource productivity.**
- **We believe that the government's net zero ambition should be replicated in the resource efficiency targets to ensure a 'road map' of short-, medium- and long-term commitments and targets on resource productivity, that are increasingly challenging and stretch beyond 2050, and provide the grounds for certainty that businesses require to implement an ambitious and progressive transition to a circular economy.**
- **We call for a sector approach including the development of clear sector plans that best reflect the regional and sectoral nuance faced by each stakeholder. Each plan should allow for staggered targets to acknowledge the different timeframes and the need for change that stretches beyond a particular sector. This will help to provide greater certainty to business and enable the development of markets for recycled content.**
- **We call for greater transparency in setting resource efficiency targets to ensure that the roles of all the other key stakeholders, such as local authorities and business, are made sufficiently clear and that their performance can be tracked and reported on.**
- **We call on the government to consider practical opportunities to set targets that join up related issues for example between carbon reduction and resource efficiency, to ensure better alignment with connected targets.**
- **We believe there is a need over the next 15 years for a consistent regional infrastructure for materials and waste management that underpin staggered targets. There is considerable opportunity in the digitisation and standardisation of access to data across sectors to help better assess where we are in terms of infrastructure needs and develop accurate sector plans that accommodate them.As we transition to a digital economy, IEMA support better data reporting through a digital framework, which should be supported by guidance on upstream mapping. This will help to address the ongoing difficulty for organisations to properly acquire data on their entire product lifecycle throughout the supply chain.**
- **IEMA believe that a resource productivity calculation should cover the entire lifecycle of a given product, including overseas extraction, as well as energy, water and resource use.**

Increasing resource productivity:

1. The UK resources and waste sector employs a direct workforce of more than 150,000 people, with an estimated 600,000 or more jobs existing in wider circular economy activities such as reuse, repair, leasing and other related activities[1]. As the professional body for environment and sustainability professionals, IEMA members are often connected to this sector be it through the work they carry out for local authorities, manufacturing companies or even waste management providers. We are therefore supportive of the government's commitments set out in the Resources and Waste Strategy for Environment, which re-affirmed those in the Industrial and Strategy and the 25 Year Environment Plan to increase the rate of resource productivity. We are also encouraged by the announcement made by the UK government and the devolved administrations in the lead up to the Environment Bill policy paper that they support the EU Circular Economy Package, and would seek to implement the EU Circular Economy Package in the UK, to ensure that the UK and the devolved administrations maintain and could exceed environmental standards now that we have left the EU[2].

2. Given the progress we have made in recent years and current policies to support enhanced resource productivity, including the move to a more restorative economic system[3], it is likely that we will surpass the current target of doubling resource productivity by 2050 and possibly triple it without the environmental targets in place. Issues such as climate change, population growth and resource concerns, are part of the perfect storm of issues that are having a direct impact on business and communities. This forces us to ensure that we are Innovating and actively resolving the sustainability challenge[4], It should therefore lead us to ensure that the environmental targets we introduce provide for increased ambition, rather than simply continuing with business as usual reliant upon continued 'material flow innovation'[5].

Roadmaps and extending targets beyond 2050:

3. When the UK became the first major economy in the world to pass laws to end its contribution to global warming by 2050, this contribution to net zero signalled to the private sector the imperative of following through with similar commitments. This has since translated in the public net zero declarations made by organisations (and IEMA Corporate Partners) in different sectors from

[1] https://www.circularonline.co.uk/news/uk-resources-council-to-consult-on-waste-sector-deal/
[2] https://www.gov.uk/government/publications/circular-economy-package-policy-statement/circular-economy-package-policy-statement
[3] https://www.ellenmacarthurfoundation.org/assets/downloads/publications/Ellen-MacArthur-Foundation-Towards-the-Circular-Economy-vol.1.pdf
[4] https://www.iema.net/resources/reading-room/2016/11/30/beyond-the-perfect-storm-2016#:~:text=IEMA%20%2D%20Beyond%20the%20Perfect%20Storm%20(2016)&text=IEMA%20is%20the%20professional%20body,world%20needs%20of%20our%20members.
[5] https://core.ac.uk/download/pdf/16266053.pdf

construction[6] to health care[7] with specific miles stones in place to build an effective road map for change. This level of ambition should therefore be replicated in the resource efficiency targets to ensure a 'road map' of short-, medium- and long-term commitments and targets on resource productivity, that are increasingly challenging (beyond doubling resource productivity) and stretch beyond 2050.

4. Raising our ambition over a longer-term period with a clear road map will provide the grounds for certainty that businesses require to implement an ambitious and progressive transition to a circular economy. A longer-term period would indeed give business the time to bring in innovation, relevant infrastructure, longer term contracts and the financial mechanisms needed to meet targets. This would allow organisations in their sectors (including the waste sector) to develop clear baselines in the early days, and to understand the appropriate reporting metrics and contribute to their evolution.

Sector plans:

5. Since recognising the role played by waste management in preserving the environment and driven by the pressure to transition to a circular economy, the resources and waste sector has evolved from ensuring safe disposal to focusing on resource recovery, including retention of materials through reuse, recovery of materials through recycling or composting. If we are to go beyond tripling resource productivity by 2050 then the UK recycling sector must be reimagined to include tangible input from manufacturers. This means it is essential that we engage business and the producers themselves in the target setting process so that they better understand the full set of targets that need to be met and can align their activities with them. In doing so they will be more inclined to support the essential first steps for a transition to a circular economy, including designing for recyclability, designing out waste, eco-packaging and light weighting to drastically reduce waste volumes. Our member workshops with industry professionals and local authority representatives confirmed a strong call for a sector approach including the development of roadmaps and sector plans that will best reflect the regional and sectoral nuance faced by each stakeholder. This should consider the most heavy-polluting and carbon intensive sectors.

6. By way of example, the construction sector would benefit from a formalised sector plan given that it has a heavy focus on steel, cement/concrete, aggregate/asphalt sectors and it is both carbon and resource intense. Stakeholders in the industry are actively participating in working groups to support the implementation of circular economy principles in the built

[6] https://www.worldgbc.org/thecommitment
[7] https://www.england.nhs.uk/2020/10/nhs-becomes-the-worlds-national-health-system-to-commit-to-become-carbon-net-zero-backed-by-clear-deliverables-and-milestones/

environment, including designing for disassembly[8], and the industry has been working closely with government to set out a route map of how Zero Avoidable Waste[9] can be delivered, identifying recommendations and timescales. We believe this approach should be formalised and applied to other sectors. In the absence of sector plans, larger projects such as High-Speed 2[10]will still have the resources, time frame and influence to set stretching targets. Unfortunately, it is the smaller projects for organisations like Local Authorities (i.e. conducting work such as road maintenance) that will not have this capacity and will find the possibility of setting longer term plans hampered by internal guidance such as the "Green Book" procurement route[11].

7. We therefore support the government in recognising that materials in the construction and demolition sector will be consulted on as a priority to fall in scope of EPR and product standards[12] but we believe that this should be accompanied by **clear sector plans** that provide certainty to business and enable the development of markets for recycled content. Each plan should take account of the varying timeframe needed to make improvements in different sectors, according to the materials used. They should allow for staggered targets to acknowledge the different timeframes and the need for change that stretches beyond a particular sector. In a similar way to that developed for greenhouse gas emissions[13], the responsibility of each stakeholder should align with their ability to influence change and their actions should align with that responsibility, to ensure collaboration across the value chain.

Coherence and transparency:

8. We believe that it is important to ensure that the environmental targets that will be determined throughout the target setting process, **integrate a coherent approach between target outcomes,** so that they can compel action now and support a transition to the circular economy. On the topic of resource efficiency and sustainable resource management, this means providing recognition to the Sustainable Development Goals and the existing targets already set out under the Waste Framework Directive[14]. This legislation sets the basic concepts and definitions related to waste management and introduced the "polluter pays principle" and the "extended producer responsibility" (EPR) concept. Furthermore, the revised legislative proposal on waste under the EU CEP set targets for reduction of waste and recycling, including a common EU target for

[8] https://www.ellenmacarthurfoundation.org/assets/downloads/news/EMF_Engineering-the-Circular-Economy_300913.pdf
[9] https://www.constructionleadershipcouncil.co.uk/wp-content/uploads/2016/05/ZAW-Report-Final-Draft-25-February-2020.pdf
[10] https://www.hs2.org.uk/
[11] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf
[12] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/765914/resources-waste-strategy-dec-2018.pdf
[13] https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/streamlined-energy-and-carbon-reporting
[14] https://ec.europa.eu/environment/waste/framework/

recycling 65% of municipal waste by 2030. To ensure the UK can follow through on its commitments to move towards a regenerative, circular economy, we therefore call on government to ensure that it does not set out additional targets that do not match or may detract from those we already committed to under the Waste Framework Directive.

9. Linked to coherence, we support high level targets that will help deliver consistency and clarity but we call for greater transparency to ensure that the roles of all the other key stakeholders, such as local authorities and business are made sufficiently clear. Tracking their performance and ensuring transparency in reporting, will be key to engaging these organisations and monitoring their progress against the targets.

10. We are cognisant of the **interconnected issues** that support the ambitions of the Clean Growth Strategy on issues such as climate change, and the UK's reaffirmed ambition to promote the ambitious economic and environmental policies to mitigate climate change and deliver clean, green growth. We therefore call on the government to consider practical opportunities to set targets that join up related issues for example between carbon reduction and resource efficiency, to ensure better alignment with connected targets such as the UK's objective to become carbon neutral by 2050 under the latest amendment to the UK Climate Change Act 2008[15].

11. The example of the transport sector shows a strong interplay between the role the sector plays in combatting climate change and the growing resource demands on cobalt and lithium that a fossil fuel phase out will entail[16]. Research indicates that electric vehicles (EVs) have the potential to reduce greenhouse gas emissions by over 50% compared with equivalent conventional petrol and diesel vehicles over the lifetime of their use[17]. The Industrial Strategy highlights this as an opportunity to maximise the advantages for UK industry of the global shift to clean growth, which despite Covid 19 has continued to grow steadily[18]. However, we note that the demand will soon increase exponentially, as the UK could be producing 1.6 million electric vehicles annually by 2040, up from less than 100,000 this year[19]. Given that batteries account for around 40 percent of the value of each electric vehicle and manufacturing is likely to be co-located with auto factories for cost and logistics reasons, this makes a strong case for the UK to integrate sector plans and road maps that consider the resource implications (in terms of the availability and cost of cobalt and lithium – two crucial battery

[15] https://www.legislation.gov.uk/ukdsi/2019/9780111187654
[16] https://www.bbc.com/news/uk-40726868
[17] https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/383/38304.htm
[18] https://about.bnef.com/electric-vehicle-outlook/
[19] https://www.greentechmedia.com/articles/read/uk-needs-battery-industry-boost-in-next-year-or-two

inputs for which demand will rise sharply[20]) of a major ramp-up in battery production, and how to manage the infrastructure around them.

Infrastructure:

12. In the next 15 years we would like to ensure that we have a **consistent regional infrastructure for materials and waste management that is supported with a logistics system, both nationally and internationally**. Unfortunately, closed-loop systems are hampered through incoherence across sectors. The statistics on the U.K.'s waste and resource recovery infrastructure are scattered and inconsistent. This makes it very difficult to produce a concise overview of waste infrastructure capability and capacity. The current focus of infrastructure development is still largely on treatment rather than on resource recovery. This has translated into numerous infrastructure challenges within the UK.

13. To accommodate a successful UK transition to a circular economy over the next 10 years, **more infrastructure needs to be put in place**[21] so that as export bans continue the UK is able to process its own waste. This should include the ability to produce the secondary feedstock so that we can feed UK manufacturing industry requirements. Unfortunately, when seeking to assess the status of our infrastructure and understand what additional changes are needed, a recurrent theme in reports, and through feedback from the professionals we have engaged in IEMA workshops, has been the deficiency of data on waste flows in terms of quality, availability and consistency. Tying back to points 5 to 7 above, the sectors producing the majority of total waste arisings are under no obligation to report on its quantity, quality or destination and the limited data collected are not of the required quantity or detail to allow mass flows of materials and their quality (i.e. useful physical properties) to be calculated.

14. We are therefore encouraged by the government's desire to invest £1 million pound to build the UK's first comprehensive digital waste tracking system[22]. There is considerable opportunity in the digitisation and standardisation of access to data across sectors to help better assess where we are and develop accurate sector plans. We believe that **sector-based models and digital databases which are aligned with the sector plan**s under the environment targets could help to support alignment of interconnected issues under points 10 and 11 above.

[20] https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/three-surprising-resource-implications-from-the-rise-of-electric-vehicles#
[21] https://www.tandfonline.com/doi/full/10.1080/23789689.2017.1405654
[22] https://www.gov.uk/government/collections/waste-management-smart-tracking-of-waste-govtech-catalyst

Reporting:

15. To support better data reporting through this digital framework, we believe this should be supported by **guidance on upstream mapping**, given the ongoing difficulty for organisations to properly acquire data on their entire product lifecycle throughout the supply chain. Data guidelines could be a mechanism to drive greater levels of data reporting around infrastructure capability. It is possible to learn from other sectors in terms of how to monitor and report on data collection. The increasing commitments of organisations to implement the recommendations of the Task Force on Climate-related Financial Disclosures[23] has had a positive effect on the energy sector where a strong data and reporting framework has driven significant disclosure and enhanced transparency, but also stakeholder attention and tough questions for operators around sustainability of business model and asset base[24].

16. To accompany the targets and sector plans we believe there is a need for a **centralised government system** that will help to increase the level of disclosure around data and resource management. This would allow a more consistent approach to data capture and analysis. Organisations like WRAP have launched online tools such as the Materials Facility (MF) Reporting Portal[25] to interrogate the data around material quality and standards such as ISO 14001 have helped to provide additional guidance to organisations. However, in the absence of a centralised system compelling better reporting, organisations will continue to share only the minimum information they need to disclose. The government needs to ensure adequate controls across sectors to drive consistency in the setting of targets and the reporting of targets. Carve outs and exceptions should not allow sectors too many 'degrees of freedom' in how they apply targets.

Measuring resource productivity as a ratio of national economic output to raw material consumption:

17. **The UK is currently not measuring reuse or elimination of waste effectively**. This is necessary in order to create a common understanding and tracking of success around the durability and reparability of products. The existing infrastructure and waste management contracts determine the limit of what can be achieved. To enable the infrastructure changes outlined at points 12 to 14 and help deliver on the environment targets, the government will therefore need to work with local authorities to support them financially in transitioning out of their current waste management contracts with waste management providers. This support will also play an important role in the end of life stage of waste management for local authorities. With new infrastructure and product standards that maximise the amount of materials that can be recycled, local authorities will be able to collect more materials, as opposed to

[23] https://www.fsb-tcfd.org/
[24] https://www.pwc.co.uk/sustainability-climate-change/assets/managing-climate-risks-in-the-energy-sector.pdf
[25] https://www.wrap.org.uk/content/materials-facility-reporting-portal

currently invoking the TEEP test[26] when it is not economically viable for them to do so. Secondly, this investment in infrastructure change should also be focused on enabling government to work more with Local Authorities, their communities and disposal authorities to see how they can educate and support the development of a material re-use system at a national level to help close the loop in support of sustainable resource management and the transition to a circular economy (Hampshire county council offers an example of reuse and repair sites that have already been implemented[27]).

18. The proposals for sector plans outlined under points 5 to 7, make the case for ensuring that a **resource productivity calculation should cover the entire lifecycle of a given product**, including overseas extraction, as well as energy, water and resource use. These should also include wider global and social issues such as modern slavery[28] and the unsustainable resource management practices. The circumstances faced by each sector should in turn help to inform how the baseline is set in each sector plan.

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[26] https://www.360environmental.co.uk/teep/
[27] https://www.hants.gov.uk/wasteandrecycling/smartliving/inthehome/reusesites
[28] https://uk.reuters.com/article/britain-trafficking-construction-idUKL8N1RM1QW