

## **SOUTH EAST ENGLAND DEVELOPMENT AGENCY**

### **BOARD MEETING ON 18 JUNE 2009**

#### **ITEM 8**

#### **PATHWAY TO ZERO WASTE – BOARD UPDATE**

##### **Recommendation**

1. The Board is invited to **NOTE** that
  - a. the Pathway to Zero Waste (PTZW) programme was launched formally in March this year and is focussed in the first instance on tackling construction and food waste, and waste wood;
  - b. while the initiative was gearing up, the region did meet the 2008 Corporate Plan target (expressed in terms of diversion of 250,000 tonnes of construction sector waste material from landfill); but the 2009/10 CP target of an additional 650,000 tonnes diverted from landfill is much more challenging.
  - c. the Corporate Plan targets are consistent with the commitment by PTZW to halve construction waste to landfill by 2011, one year earlier than the government's target, but will require a significant increase in performance in later years to achieve a 90% reduction by 2020;
2. The Board is invited to **DISCUSS** SEEDA's approach to this programme, aimed at achieving maximum business productivity benefits:
  - a. SEEDA's leadership of the programme, and a small financial contribution of £200K, has resulted in a sharper focus of the national agencies on the South East, leveraging in commitments of £5m over the three year period.
  - b. SEEDA has ensured the PTZW focus is wider than on carbon reduction for its own sake, insisting that key programme metrics are around helping business achieve economic benefits in terms of business productivity, innovation and market opportunities.
  - c. For the future, SEEDA's objective would be to capitalise on the learning from the programme – including from the large companies that 'get it' such as Wilmot Dixon - to shape SEEDA's own mainstream interventions such as Business Link and the Manufacturing Advisory Service.
  - d. SEEDA's intention would also be to use PTZW to deliver business opportunities from innovation and in environmental technology, and to look for innovative funding mechanisms to help make that happen.

##### **Background**

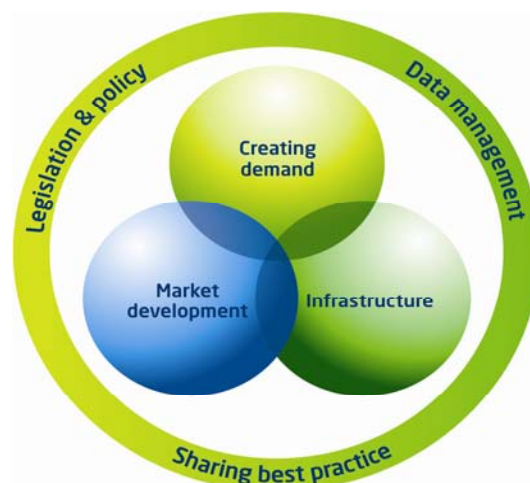
3. The Government's Waste Strategy 2007, which espoused a change from a waste to a resource management approach to discarded materials and products, identified roles for RDAs in developing the economic opportunities from improved resource management, and encouraging and

facilitating the development of regional and sub-regional recovery and processing infrastructure.

4. For the South East, the urgency of action was reinforced by a report by the Environment Agency that in 2007 there was only 5 years landfill capacity left in the region, and that, in order to meet RES targets, £5 billion needed to be invested in 170 new resource management facilities by 2025.
5. To respond to these drivers, and grasp the economic opportunities from turning waste to resource, SEEDA, the Environment Agency (Southern Region) and Waste and Resources Action Programme (WRAP), set up the Pathway to Zero Waste programme in 2008. Other partners in PTZW are the Department for Environment, Food and Rural Affairs (DEFRA), Government Office for the South East (GOSE), Improvement and Efficiency South East (IESE); National Industrial Symbiosis Programme (NISP); and SEEDA's sector consortia South East Centre for the Built Environment (SECBE) and EnviroBusiness.
6. The development of the programme, bringing national and regional/sub-regional delivery partners together around a common objective, has resulted in a stronger focus of partner resources on the region that could otherwise have been expected from the previous ad-hoc arrangements. This includes seed-corn funding of £0.5m up to 2011 obtained from DEFRA's Aggregates Levy Sustainability Fund.
7. SEEDA is providing the regional leadership for the initiative, which is seen by government as a national pilot, with the knowledge gained being transferred to other parts of the UK and Europe.

### The Pathway to Zero Approach

8. PTZW's overarching approach is to get the public and private sectors working together to establish a culture of resource efficiency in the region, sustained through strong demand and effective market mechanisms for trading in surplus and waste material, and supported by adequate infrastructure and logistics.
9. The PTZW partnership has developed six workstreams to achieve this. The main programme delivery priorities are on Creating Demand, Market Development and Infrastructure provision:



10. PTZW is concentrating initial activity on three key waste streams: construction and demolition, food, and wood wastes. These material streams were determined as priorities because the ecological footprint reduction Road Map produced in 2008 identified that in the SE food (19%) and housing (15%) were major contributors to the region's ecological footprint. This is illustrated by the following facts:
- 38% of materials landfilled in the SE region are from the Construction and Demolition (C&D) sector;
  - 6.7m tonnes of food are thrown away every year. If this was eliminated, the effect in terms of carbon would be the equivalent of taking one in every five cars off UK roads.
  - Research in 2005 found that 950,000 tonnes of waste wood arose in the Greater South East, three-quarters of it ending up in landfills. Even worse, 55,000 tonnes was segregated by waste companies but was sent to landfill due to lack of proper processing facilities. This represents a significant cost to companies as well as a lost market opportunity eg for energy from waste. For example, in helping launch PTZW in March, the representative from Wilmot-Dixon advised that the true cost to a company of filling a single skip is over £876 not just the cash outlay for skip hire of £215.
11. The PTZW programme has set targets for the diversion of C&D waste which are:
- By 2011 to reduce the amount of C&D waste sent to landfill by 50% against 2008 levels – one year ahead of national and industry target;
  - By 2020 to have reduced volumes by 90%.
12. These targets are being developed, by end-July, into year-on-year metrics directly attributable to the programme's actions. Targets for the food and wood waste streams are yet to be set. Critically, these original PTZW metrics about tonnages will now, thanks to SEEDA's direction, be augmented by other metrics capturing the economic value of the market opportunities arising from the programme. Detailed metrics will be agreed in July.

### **Programme Governance**

13. The PTZW programme is managed by a five person core team headed by a Programme Director, [REDACTED] hosted by and paid via the EA, but reporting to SEEDA which helps to keep the focus on a business productivity agenda. The governance is through a Programme Board chaired by Oona Muirhead, Executive Director of Skills and Sustainable Prosperity.
14. The Programme was officially launched on 3<sup>rd</sup> March 2009 by Hilary Benn, Environment Secretary; Lord Chris Smith, Chairman, The Environment Agency; and James Brathwaite CBE, Chairman, SEEDA. 120 chief executives and senior decision-makers from national, regional and local government and from a range of private sector organisations responsible

for producing or managing C&D, food and wood waste attended PTZW's launch. It was well received by participants, and there is on-going publicity within the trade press and local news outlets. The governance arrangements are being kept under review and SEEDA's objective is to shift the programme from public to private-sector ownership.

15. A move to greater business engagement with PTZW would fit with the deeper and wider public sector joint working envisaged through the South East Waste and Material Resources Development Initiative (chaired by Keith Riley). This will tackle issues such as regional waste strategy governance and investment in the region's resource management infrastructure. PTZW has also provided a focus for engaging the Mayor's London Waste Board and the intention is to develop joint actions.

### **Leveraging funding into the South East**

16. In addition to seed-corn funding from Defra of £0.5m, the PTZW partners together bring £5m into the region through the programme which would not necessarily have been focussed on the SE. Also, two applications have been submitted recently for additional funding, to the EU Life+ and regional ERDF programmes in order to expand the PTZW programme to cover other material streams, transfer the knowledge gained to European partners, and to make PTZW into a 5 year programme. The outcome of these bids will be known by the end of the summer.
17. SEEDA's own single pot contribution to date has been £0.2m; any further funding would be considered as part of the Green Economy approach discussed and endorsed by the Board at their May meeting and focussed strictly on business productivity outcomes.

### **Business productivity and market opportunities**

18. Indeed SEEDA's involvement with the PTZW partnership has ensured that the programme is focussed on the economic benefits to the region, in terms of business productivity and identifying market opportunities. For example, one element of tackling waste is to use it for renewable energy, and this will be exploited particularly as the food waste workstream is developed, to encourage anaerobic digestion of organic wastes in the South East (which could include combining food waste with eg sludge from water treatment and excess seaweed on Margate beaches). Public procurement will be used to create market opportunities, for example through standards on the percentage of recyclates in local authority construction programmes such as Building Schools for the Future, or energy from waste contracts involving municipal and commercial waste.
19. Looking ahead, and taking account of SEEDA's Fit for the Future refocusing, the PTZW model whereby SEEDA provides the leadership for this type of intervention, bringing the private sector into what would otherwise be a wholly public sector agenda, means that we envisage our role to be of leadership and sector development, not one of providing SEEDA funding. Our objective in the Pathway to Zero Waste programme will be to drive innovation and business productivity. There are for example

a number of major corporates such as Wilmot Dixon who are already taking action in driving process and supply chain innovation, and we believe that more can be achieved through embedding the lessons from the private sector into and through our own mainstream interventions such as Business Link and the Manufacturing Advisory Service.

20. The Board's views are invited on this approach and how else SEEDA leadership can be used to drive business innovation and productivity, as well as business efficiency.

### **Communications**

21. SEEDA and PTZW partners received positive media coverage following the launch of the programme in March. Potential for future media coverage will have to be explored jointly with partners but could – for example - focus on performance against targets and the economic benefits of this. Stakeholder engagement is critical to the success of the programme and SEEDA staff will work towards achieving a change in mind-set among businesses that will make the difference: from seeing waste as rubbish, to realising the opportunity both to save money from the bottom line from waste reduction, and to make money through innovation in existing product lines and developing new products and services.

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Date: 9 June 2009

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