

**Single Use Plastics, Waste Prevention and Waste Recycling Policy Team**

Department of Agriculture, Environment and Rural Affairs  
Environmental Policy Division  
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Belfast  
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4<sup>th</sup> October 2020

Dear Sir/Madam

**Re: FSB Northern Ireland response to the Future Recycling and Collection of Waste of a Household Nature in Northern Ireland public discussion document**

The Federation of Small Businesses is the UK's largest business organisation, with around 165,000 members in total, including around 6,000 in Northern Ireland, across all sectors of industry and business. Established over 40 years ago, we are a not-for-profit and non-party political organisation that's led by our members, for our members. Our mission is to help smaller businesses achieve their ambitions.

Northern Ireland is a small business economy, with the highest concentration of SMEs in all the regions in the UK: 98% of all firms employ fewer than 20 people, while 95% employ fewer than ten. Northern Ireland SMEs provide 75% of all private sector jobs, and two-thirds of private sector turnover.

Small businesses support the creation of a circular economy, and meeting society's commitments to the environment. If Northern Ireland is to meet these commitments then small businesses will need to be at the forefront of these changes, working with, and supported by government as we create a sustainable economy.

We trust that you will find our response helpful and the recommendations taken into consideration. We look forward to continued engagement with the Department as you progress with this policy. We strongly encourage close collaboration in order to sense-check and refine proposals as they move closer to regulation.

Yours faithfully

***Tina McKenzie***

FSB Northern Ireland Policy Chair

## **FSB Northern Ireland response to the Future Recycling and Collection of Waste of a Household Nature in Northern Ireland public discussion document**

FSB supports the goal of creating a well-developed circular and environmentally sustainable economy. Greater recycling by industrial and commercial users is essential in cutting our greenhouse gas emissions, and in shifting our economy to a more sustainable footing. We welcome the aim of this consultation - to help improve the quality and quantity of recycling across Northern Ireland, and to help Northern Ireland meet our commitments under the 'Circular Economy Package'.

SMEs account for over 70% of turnover in the private sector, compared to just over 50% in the whole of the UK, and for nearly 75% of all private sector employment in Northern Ireland. Small businesses employ more people than all large businesses and the entire public sector combined.

Given their prominence, small businesses produce 85% of the non-household municipal waste in Northern Ireland. Therefore, the goal of a circular economy will not be realised without the strong consideration and buy-in of small businesses.

As an organisation, FSB's examination of environmental policies is based on the following principles:

- Small businesses recognise and support the broad, long-term objectives of climate change and environmental sustainability policies
- Small businesses want to do the right thing and play their part
- A long-term, strategic approach to environmental policy making is far better than a short-term, reactive approach
- Policy solutions must be evidence led
- The potential impact of policies on small businesses must be understood in granular detail
- Small businesses should be given adequate time to adapt to new requirements
- Those small businesses that are particularly impacted, or least able to adapt, should be identified and provided with additional support, and time to adapt.

Given the dependence of Northern Ireland on small businesses, these principles will help decision makers realise environmental ambitions in a way that is effective, but that mitigates the potential for damage to the heart of our local economy. We recommend they are considered accordingly.

## Legal Duties

Proposals 1 and 2 would place requirements on businesses to segregate food and recyclable waste from their residual waste. Placing a legal duty on small and micro businesses would be particularly onerous.

Small businesses spend 34 hours per month on regulatory compliance, equating to a cost per business of more than £10,000 per year.<sup>1</sup> Despite continued government promises to reduce time and money spent on regulation, small businesses have continued to see their regulatory burden increase.

Nearly 40% of Northern Ireland's small businesses view regulation as a barrier to growth. Reducing bureaucracy and regulation was identified by small business owners as the best way for the government to help businesses in Northern Ireland.<sup>2</sup>

Regulation and legal duties should be the last resort of government, only when other measures have failed. The creation of a circular economy is better served by empowering and incentivising small businesses to recycle by removing barriers, rather than adding onerous duties and then penalising those who cannot meet them.

## Barriers to Non-Domestic Recycling

FSB welcomes the suggestion in proposal 4 to review options that would maximise business recycling, whilst alleviating cost burden on businesses. This should always be the first option when considering new changes - to deliver the benefits while also minimising the harmful effects this will have on businesses, employment and the wider economy.

Achieving this goal will mean supporting small businesses in overcoming their barriers to recycling. In particular, the cost of services, the lack of adequate space available, as well provision of information and guidance.

## Cost

For many businesses, switching from 100% residual waste to optimum recycling could save money. However, for many smaller and micro businesses the cost will be higher, as they pay for waste collection on a 'per lift' basis.<sup>3</sup> For example, a business that moves from one collection to four collections, will result in increased costs. Mitigations to reduce collections, such as increased storage, will often be impractical because of time, space and hygiene limitations.

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<sup>1</sup> Ulster University, (2015), *The contribution of Small Businesses to Northern Ireland* ; FSB, (2017), *Regulation Returned: What small firms want from Brexit*

<sup>2</sup> Ulster University, (2015)

<sup>3</sup> DAERA, (2020), *Future Recycling and Collection of Waste of a Household Nature in Northern Ireland, Public Discussion Document*

Finding solutions to these additional costs will be essential to meeting our obligations under the Circular Economy Package (CEP), while preventing damage to our economy. FSB is willing to engage further on this front.

Many small businesses hold experiences that are similar when compared to domestic customers in the purchase of products and services. Larger businesses will often have staff with a specific procurement role.<sup>4</sup> On the other hand, domestic consumers do not have to organise and/or pay for relevant waste services. This places small businesses at a disadvantage when compared to larger businesses and domestic consumers. It is therefore small businesses that will face the biggest costs from the proposed changes.

Many small businesses identify a discrepancy between their rates bill and the value they derive from this expenditure. For example, business owners perceive they are paying rates to cover waste disposal, only to be charged in addition for a waste disposal service – this brings about a ‘feeling’ of being charged twice or overcharged.

It is unsurprising WRAP research found that small businesses, especially micro businesses, take a significant amount of waste home and put it in household waste - or take it to household waste and recycling centres.

Contrary to this being a problem, it is the core of an obvious solution. For many small and micro businesses, the relationship with waste management is broadly similar to that of domestic consumers – because they produce very little. Treating these businesses in the same way as domestic consumers, by placing a duty on the local authority to collect their waste, would make recycling cheaper and easier for those businesses.

This service could be funded from within the existing rates system, or for a small fee. Currently, many of these small and micro businesses pay for a single collection, and the proposed changes would likely lead to multiple collections. In practice, the small fee charged for a comprehensive recycling service could be capped at the amount the business would have paid in a single residual waste collection.

This would help allow Northern Ireland to meet its CEP obligations, while keeping costs contained for those businesses that do not generate enough waste to make savings from recycling.

### **Space**

Many small and micro businesses will face space constraints - especially those based in small offices without access to outdoor areas. This lack of space will limit their ability to recycle fully. At present, they will often have a single bin for general waste. However, replacing a single general waste bin with separate bins for general waste, food waste, paper, and glass may not be feasible in a small

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<sup>4</sup> FSB/CCP, (2004), *Small Businesses as Consumers: Are They Sufficiently Well Protected?*

office and could make it more difficult for a business in a confined space to segregate waste.

FSB is not aware of universal, commercially viable solutions to these problems at present. Better designed, compartmentalised bins, would help alleviate the problem to some degree. Other solutions, such as bagged waste, would require more frequent collections, and therefore also impose greater costs.

More communal and collaborative solutions could help alleviate the problem. Working with other firms to manage waste can allow small and micro businesses to overcome some of these challenges - such as the lack of space to store recycling or low quantities of waste collection at inflated cost. However, doing so would require support to help establish and coordinate these schemes.

Average office space in Northern Ireland costs around £20 per square foot per year, so hosting multiple bins within small premises can significantly increase costs. Rather than expecting every business to incur this new overhead, it may be worth considering communal on-street segregated collection points, in which small quantities of recyclable waste could be deposited at a frequency that avoids the need for on-site storage in smaller premises.

FSB would welcome more engagement, suggestions and solutions to the issue of space constraints in the smallest of businesses.

### Information

Previous research by FSB on the 'notion' of small businesses as consumers identified a number of areas where the smallest firms are disadvantaged in comparison with large businesses and domestic customers in utility markets.<sup>5</sup>

These disadvantages include:

- **Lack of expertise in purchasing services.** Most small businesses have similar levels of 'expertise' to domestic customers when purchasing most products and services. They are much less likely than large businesses to have staff with a specific procurement role.
- **High opportunity cost of time spent making purchasing decisions.** Running a small business generally takes up the majority of the owner's time during the working week, and often the weekend. This leaves limited time to concentrate on non-core activities such as renegotiating contracts. Therefore, the 'opportunity loss' associated with searching for a new service can be high.
- **Low benefits - actual or perceived – of time spent making purchasing decisions.** A small business may typically have low requirements for products and services not directly linked to its core

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<sup>5</sup> FSB/CCP, (2004)

trade – they need their bins emptied, but do not necessarily have the capacity to spend time on brokering.

- **Poor bargaining power.** Smaller businesses have far less bargaining power, especially compared to large companies.

Specific advice for small businesses on recycling issues is key. Many small businesses want to do the right thing and play their part in solving our resource and environmental challenges. Often, however, it is much less clear exactly what 'the right thing to do' is - and so they need appropriate support and guidance.

However, many small businesses don't seek support, even when it is available, or experience difficulties in finding the right form of support for their needs. FSB research has shown this is particularly problematic for micro-businesses.<sup>6</sup> These firms are often solely run by the business owner - due to restricted time and resources, it is particularly challenging to identify and access business support. Therefore, any support must be well sign posted and simple to use.

For example, support and guidance could include online price comparison tables, specific advice on services, what can be recycled, or other matters relating to waste management and overall behavioural change.

In some cases, small businesses are given conflicting information. For example, an FSB member in the Mid & East Antrim Council area recently noted that packaging declared recyclable in the small print, was subsequently rejected by the council.

Clearer information and universally applied standards across Northern Ireland will help small businesses know what they can recycle. This could also address the issue of councils or waste management companies potentially diverting recyclable materials away from recycling centres, and towards landfill.

In addition to online support, many small businesses still place value on face to face support. The COVID-19 pandemic has made this more complicated in some ways, but easier in others due to the use of video calling. Therefore, it may be more appropriate to say that 'one to one' support and advice is still valued, and its newfound accessibility could provide a level of security and comfort for those businesses during waste management transitions.

## Rural Issues

FSB welcomes the commitment in Proposal 3 to review the impact of changes to recycling systems on businesses in rural communities. While urban or concentrated businesses could alleviate some problems of cost and space - by centralising services or inter-cooperation - such solutions may be unavailable to many businesses in rural areas. Finding solutions that work for both urban and

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<sup>6</sup> FSB, (2016), *Business Support in Northern Ireland*

rural businesses is key - nearly 40% of Northern Ireland's population, and nearly 60% of Northern Ireland's businesses are based in rural areas.<sup>7</sup>

While centralisation and cooperation will help alleviate problems in urban areas, the solution of replicating domestic services for smaller non-domestic consumers could also help solve the problem in both rural *and* urban areas.

## Data

FSB notes the suggestion in Proposal 5 to improve reporting and data capturing on waste and recycling performance. FSB supports evidence-led policymaking, and thus is sympathetic to the government's desire to improve data quality in waste management. This will allow for better policymaking, and better, more targeted support. However, data capture must be carried out in the most cost-effective manner.

Mandatory data capturing would increase the administration burden and therefore costs, for small businesses. As noted above small businesses already spend 34 hours per month, and an equivalent of £10,000 per year, on compliance. Putting further requirements upon them will add to this burden.

The consultation document asks who should bear the responsibility for reporting data on waste - businesses, producers of waste, collectors of waste, or waste re-processing and treatment facilities. If re-processing and treatment facilities have to capture the data, they will likely pass costs onto the collectors of waste. Unfortunately, in any case the cost will find its way to the customer - small business owners, so it is important only to require essential information.

The Executive should explore ways to capture data at the lowest cost for businesses, being mindful that moving it upstream will still pass a cost onto small businesses. The Executive should consider a Small Business Research Initiative challenge to find new and innovative ways of capturing the necessary data, in a manner that imposes zero or low costs and the lowest level of administrative burden.

## Recommendations

1. **Recommendation:** The Executive should consider FSB's seven environmental principles when regulating in this space.
2. **Recommendation:** The creation and expansion of legal duties to recycle should only be considered as a very last resort – instead the focus should be on removing barriers, creating incentives and assisting behaviour change for small businesses.

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<sup>7</sup> NISRA, (202), *Inter Departmental Business Register*

3. **Recommendation:** The Executive should examine the feasibility of extending local authority domestic waste management services to small and micro businesses who generate small amounts of waste.
4. **Recommendation:** The Executive should consider setting up schemes to encourage, support and organise communal and collaborative waste management solutions.
5. **Recommendation:** The Executive should review the information and support available to small businesses, to ensure that it is accessible and consistent - and consider the development of one-on-one advice.
6. **Recommendation:** The development of any data capture scheme should be mindful of the burdens already placed on small businesses, and the costs this data capture will impose on small businesses.
7. **Recommendation:** The Executive should consider an SBRI challenge to create or determine the most cost-effective way of capturing business waste data.

**Ends**