Environmental Audit Committee
The Environmental Audit Committee is appointed by the House of Commons to consider to what extent the policies and programmes of government departments and non-departmental public bodies contribute to environmental protection and sustainable development; to audit their performance against such targets as may be set for them by Her Majesty's Ministers; and to report thereon to the House.

All publications of the Committee (including press notices) and further details can be found on the Committee’s web pages at www.parliament.uk/eacom

Membership at the time of the report

Joan Walley MP (Labour, Stoke-on-Trent North) (Chair)
Peter Aldous MP (Conservative, Waveney)
Neil Carmichael MP (Conservative, Stroud)
Martin Caton MP (Labour, Gower)
Katy Clark MP (Labour, North Ayrshire and Arran)
Chris Evans MP (Labour/Co-operative, Islwyn)
Zac Goldsmith MP (Conservative, Richmond Park)
Mark Lazarowicz MP (Labour/Co-operative, Edinburgh North and Leith)
Caroline Lucas MP (Green, Brighton Pavilion)
Caroline Nokes MP (Conservative, Romsey and Southampton North)
Dr Matthew Offord MP (Conservative, Hendon)
Dan Rogerson MP (Liberal Democrat, North Cornwall) [ex-officio]
Mr Mark Spencer MP (Conservative, Sherwood)
Rt Hon Mrs Caroline Spelman MP (Conservative, Meriden)
Dr Alan Whitehead MP (Labour, Southampton, Test)
Simon Wright MP (Liberal Democrat, Norwich South)
First Special Report

The Environmental Audit Committee reported to the House on Plastic bags on 6 February 2014 (HC 861). The Queen’s Speech on 4 June announced the Government’s proposal to proceed with a charge on single-use plastic bags from October 2015. Also on 4 June, the Committee received the Government response to the Committee’s Report. This is appended below.

Appendix—Government response

Introduction

1. Government provided written evidence to the Environmental Audit Committee’s inquiry into Plastic Bags and was an expert witness at the EAC’s first panel session. Our written evidence can be found at:

http://data.parliament.uk/writtenevidence/WrittenEvidence.svc/EvidenceHtml/4598

2. The EAC’s report on Carrier Bags agreed that a mandatory charge is a necessary course of action. However, the Committee recommended some changes to the Government’s policy. This report sets out the Government’s response to the EAC’s conclusions and recommendations.

Response to conclusions

1. The Government has multiple aims for the plastic bag charging policy, including reducing emissions, waste, and litter, but has not adequately determined their relative priority. Before proceeding it should have undertaken a structured appraisal of the evidence on the potential environmental gains associated with each objective and the extent to which the charge and type of bag would secure these gains, along with an assessment of their associated risks and wider implications. It needs to ensure its analysis is robust and accurate. (Paragraph 15)

2. Given that the proposed English scheme would have more exemptions than the one in Wales, it is likely that the reduction in bag use would be lower than the 76% achieved in Wales. Without additional complexity from exemptions for small retailers and for biodegradable bags, it might achieve as large a reduction in bag use and littering. (Paragraph 20)

3. The policy around the exemption for biodegradable bags appears rushed and taken before reviewing existing evidence or considering the concerns of all stakeholders. (Paragraph 54)

4. It appears to us that Defra is trying to use innovation to justify a rushed and flawed policy proposal to allow an exemption for biodegradable bags. (Paragraph 59)

5. Defra’s proposed exemption for biodegradable bags is risky and unnecessary. The decision to exempt biodegradable bags was rushed and taken without considering its
coherence with wider strategies for reducing and managing waste, and the exemption could also undermine the reduction in bag use from the 5p charge. It is important that the Government gets the proposals for the carrier bag charge right, as it is one of the simplest and most effective ways of reducing resource use and helping people act in a way that has wider environmental benefits. The Government’s waste management strategy needs to be clear, consistent and easy to understand in order to secure reduced carbon emission, improved rates of recycling and avoid contamination of waste disposal streams. Gains in other areas could be far more important than can be generated by bags alone. (Paragraph 68)

6. The plastic bag charge is part of the Government’s overall waste management strategy. The Waste Prevention Programme for England sets out the Government’s view on how to reduce the amount of waste produced and presents the key roles and actions which should be taken in our transition towards a more resource efficient, circular economy. It also sets out the actions Government is taking to support this transition and the plastic bag charge, with the biodegradable bag exemption, is a key part of that programme.

7. We recognise that there will always be a need for some form of bag, for example for impulse buys. We are therefore looking to develop standards for a biodegradable bag with industry that has fewer environmental impacts across its life cycle. A life cycle analysis will be used when setting the standard for a biodegradable plastic bag that is exempt from the charge in England. The exemption for biodegradable plastic bags represents a challenge to UK industry to produce a genuinely biodegradable plastic bag that meets defined criteria and which can be reliably identified and separated in waste recovery and treatment operations. We are not aware that such a plastic bag currently exists. We therefore expect to see a significant reduction in the distribution of single-use plastics bags once the charge is introduced, with a significant proportion of the remaining single-use plastic bag use moving to biodegradable bags once the standard is finalised and suitable bags reach the market.

8. Government is keenly aware that the corollary of greater biodegradable plastic usage in this country will be the need for more sophisticated separation of waste streams. We therefore launched a Small Business Research Initiative with the Technology Strategy Board which closed on 11 December to encourage innovative solutions to developing more biodegradable bags and to look at separation techniques. We have provided around £85,000 of funding for four short feasibility studies to be completed by March. These include two studies into alternative bag materials and two studies into detection and separation methods for different plastics in waste streams.

9. If any of these prove promising, we may invest further in 2014-15 to help develop them into prototypes, which can take a couple of years. These projects will feed into our understanding of exemptions for biodegradable bags. However, a decision on exemptions will be based on the technical and environmental outcomes we seek, rather than specifying a particular material or technique. We are also undertaking research with the public to understand their expectations and possible behaviours around biodegradable bags.

10. The plastic bag charge is a targeted, proportionate approach to the problem of carrier bag distribution and littering. It will therefore focus on plastic bags and not on paper bags. Paper bags make up less than 0.1% of carrier bags distributed in the UK by the seven major
supermarket retailers. Plastic carrier bags take longer to degrade in the natural environment, can damage wildlife and are extremely visible when littered in our towns, parks and the countryside. The 76% reduction in bag use achieved in Wales refers only to single use plastic carrier bags given out by the 7 major supermarket retailers in Wales.

11. Government has chosen to exempt SMEs from the plastic bag charge to reduce the burden on start-up and growing businesses in England at a time when the Government is supporting new growth in our economy. The Government has noted that some SME representative bodies are in favour of being included in the charge while others are opposed, and must also consider impacts on consumers. The Government will continue to welcome any further evidence on the costs and benefits of exempting SMEs.

12. The Impact Assessment will set out in more detail the evidence including the costs and benefits of our approach. However, several of the key impacts of the policy (e.g. reduced disamenity impact of litter; reduced damage to marine life) are difficult to measure in quantitative or monetary terms.

13. Although there is evidence that higher charges can achieve greater impact, a charge set at 5p has been shown to be highly effective in Wales in substantially reducing use. Evidence from Ireland suggests that increasing the size of the charge, or having a credible threat to do so, is important for sustaining changed behaviours. The Government should implement a 5p charge for all single-use carrier bags, following the example of the scheme in Wales, but should review the level of the charge after two years to assess if an increase is necessary. (Paragraph 23)

14. The evidence from Wales shows that a charge of 5p is enough to significantly reduce the number of single use plastic bags that people use. In fact, Northern Ireland has cancelled a planned increase to 10p in April 2014 as the charge has been successful at achieving good reductions there. We will, as a matter of course, be keeping the policy under review.

15. Paper bags can have a greater emissions impact than plastic bags. Exempting paper bags from the charge, as the Government proposes, would weaken the message to reuse bags, diminish the impact of the charge and the likely reduction in the number of bags used and associated environmental benefits. The Government should therefore include paper bags in the charge. (Paragraph 27)

16. The charge will focus on plastic bags as it is a targeted, proportionate approach to the problem of carrier bag distribution and littering. Paper bags make up less than 0.1% of carrier bags distributed in the UK by the 7 major supermarket retailers.

17. Plastic carrier bags take longer than paper bags to degrade in the natural environment and are a visible sign of littering in our towns, parks and the countryside. Plastic carrier bags cost taxpayers in England around £10 million every year in clean-up costs from littering on land and on beaches. Currently, surveys consistently find around 40 discarded plastic bags per kilometre of beach.

18. We do not have any evidence to suggest that the retailing sector will transfer in any significant way to paper bag usage. Paper bags are more expensive to make, store and transport, which are disincentives to providing them free to customers. They are also less
appropriate than plastic bags for many purposes. Government has calculated that even if customers of large retailers increase their paper bag use by 50% there would still be a negligible environmental impact in terms of carbon emissions due to the very low current levels of use.

19. With the introduction of a charging scheme for single-use bags, the Government should be ready to introduce legislation to ensure that retailers sell ‘bags for life’ at an appropriate higher price than the charge for single-use bags, taking into account their greater emissions impact. The Government should set a minimum price for bags for life at a level which incentivises their reuse; perhaps a minimum of 10p for a thin and 20p for a thick bag for life that could subsequently be replaced for free if it breaks. The Government should ensure any additional proceeds of these charges also go to charity with retailers allowed to recover the cost of such replacements. (Paragraph 36)

20. It is clear from the Welsh usage figures that the large retailers that sell Bags for Life will need to take action to ensure that the charge on single-use plastic bags does not simply cause customers to use Bags for Life as single-use carrier bags instead. Retailers set the price for Bags for Life, but we would encourage retailers to donate the additional proceeds of their charge to good causes. We will, as a matter of course, monitor how effective the charge has been, whilst noting that any future plans to impose a charge on Bags for Life would require primary legislation with associated timescales.

21. The Government’s proposed exemption for small retailers is unnecessary, and risks adding undue complexity to the scheme, reducing its environmental impact and reduction in bag use. There is compelling evidence that small retailers want to be included in the mandatory scheme as a voluntary approach could be counter-productive. The Government should include small retailers in the scheme, but exempt those with 10 employees or fewer from detailed reporting requirements. As in Wales, all shops should be required to publicise in-store the proceeds and where the money is raised is spent. (Paragraph 40)

22. Whilst we support the use of funds for good causes, such as environmental charities, we are concerned about potential abuse of the scheme. The Government should set clear rules for transparent reporting and for retailers to publicise prominently in store where the funds are going. It should ensure tough sanctions exist to prevent retailers having conflict of interest about which charities are supported and ideally shoppers should decide which local charity the funds go to, as already happens in some stores. If there is evidence of retailers abusing this approach, the Government should follow the example of the landfill tax and plastic bag tax in the Republic of Ireland by centrally collecting and allocating funds for environmental projects. (Paragraph 43)

23. Government has chosen to exempt SMEs from the plastic bag charge to reduce the burden on start-up and growing businesses in England at a time when the Government is supporting new growth in our economy. The Government has noted that some SME representative bodies are in favour of being included in the charge while others are opposed, and must also consider impacts on consumers. The Government will continue to welcome any further evidence on the costs and benefits of exempting SMEs.
24. As in Wales, the Government intends to require retailers to publicise the number of bags sold and how the proceeds of the charge have been spent. The exact details of the scheme are currently being drafted and will take into account responses to the Call for Evidence.

25. Retailers will be expected to give the proceeds of the charge to good causes and we are looking into developing a voluntary agreement with retailers to cover this.

26. Under current proposals the Treasury intends to take VAT from the proceeds from the bag charge (just under 1p of the 5p), which would otherwise go to charity. The estimated £19 million raised in VAT should be spent on new environmental programmes and to cover the costs of monitoring the effectiveness of the scheme. This would help reinforce the wider environmental objectives of the charge and maintain public support. (Paragraph 45)

27. The Government’s spending priorities are not, in general, determined by the way in which the money is raised. Hypothecating revenues to particular spending programmes imparts inflexibility in spending decisions and can lead to a misallocation of resources, with reduced value for money for taxpayers. Requiring businesses to report specifically on the VAT on plastic bags would also introduce additional administrative burden for those firms involved.

28. More research is needed into how people respond to the charge including the impact on littering and recycling. The Government should ensure that retailers collect and submit data on bag reuse, and monitor how the charge affects wider behaviours to ensure the scheme has as significant an environmental impact as possible. (Paragraph 49)

29. We agree that research is needed to see what people think about the charge now and in future to understand how consumers respond in practice. As well as learning the lessons from other parts of the UK the Government has research underway currently with consumers to understand carrier bag usage and attitudes, including attitudes to the charge. The Government will require retailers to submit data on single use plastic bag distribution. Some retailers also collect data on bag reuse and we can work with retailers to understand the impacts the charge is having on reuse. Reporting by retailers is not the only way to measure bag reuse - for example, research from Wales and Scotland used a carefully designed sample approach to directly observe detailed in-store behaviour at the checkout to provide richer data on how consumers responded. We are considering whether this approach can be replicated in England.

30. We agree that it will be beneficial if the charge can affect wider behaviours. However, recent evidence shows that this will be challenging. Nonetheless, we are supporting efforts by researchers at Cardiff University, who gave evidence to the inquiry, to investigate this issue further with a specific focus on the carrier bag charge.

31. The Government should remove the proposed exemption for biodegradable bags. It presents risks to recyclers and might cause as much harm to the natural environment and wildlife as new or recycled bags. (Paragraph 64)
32. We recognise that carrier bags are a useful item and that there will always be a need for some form of bag, for example for impulse buys. We are therefore looking to develop standards with industry, for a biodegradable bag that has fewer environmental impacts across its life cycle not just its end of life impacts. The exemption for biodegradable bags will not be included in the legislation until standards for the bags have been finalised. This means the exemption will not come into effect with the legislation for the 5p charge in October 2015. We will continue to work with the industry to develop the standard.

33. We are well aware of the concerns regarding contamination of the recycling stream with biodegradable plastics and are addressing this with feasibility studies considering innovative solutions to detect and separate out plastics when mixed in the waste stream. We will carefully assess the impact on the industry before introducing any exemption for biodegradable bags.