Covid-19 Impact Report

The Impact of Covid-19 Across the Plastic Supply and Recycling Sectors

Report by RECOUP

July 2020

Covid-19 Impact Report

RECycling of Used Plastics Limited (RECOUP) is a charity and leading authority providing expertise and guidance across the plastics recycling value chain. Built on a network of valued members, collaboration is central to its activities. RECOUP is committed to securing sustainable, circular, and practical solutions for plastic resources both in the UK and world-wide.

RECOUP works to maximise plastic recycling through stimulating the development of sustainable plastics waste management, including the improvement of plastics collection and sorting activities across the UK, undertaking research and analysis to identify good practices and remove barriers to the adoption of efficient recycling systems.

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Foreword

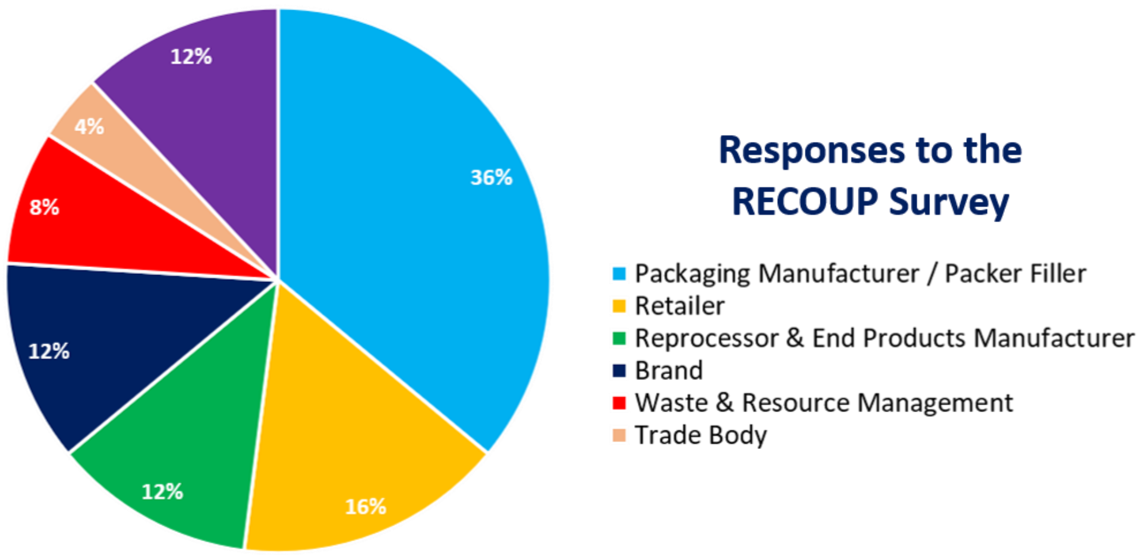
In 2020, industry across the world has seen unprecedented challenges in relation to the global Covid-19 pandemic. At the time of this report being produced in Summer 2020, the full picture of the global impact of Covid-19 has yet to become clear, as well as how 'green recovery' ambitions will play out.

The plastic supply chain in the UK has been heavily impacted by this, with challenges hitting organisations including, but not limited to: Brands, Retailers, Polymer Producers, Packaging Manufacturers and Packer Fillers, Waste and Resources Management, Reprocessors and Recyclers, Equipment Suppliers, Educational Establishments and Trade Bodies.

As documented in various reports, and anecdotally through the media and other forms of corporate communications, there has been an increase in household waste and recycling quantities due to lockdown, as well as general and sweeping impacts on business practices. This includes increased challenges such as the reduced availability of plastic material for packaging, changes in product demands and to hygiene practices – both of these at an operational level, but also to public perception in safeguarding the likes of food through packaging which was often previously deemed wasteful and unnecessary.

RECOUP, with the support of its Members, who represent the whole of the plastics supply chain, as well as Local Authority and Waste Management Providers, delivered a survey to its members to help develop a clearer understanding of not only the immediate, but also the longer-term impacts of the global situation on the UK's plastic supply, use and waste management sectors.

The survey received 30 responses, which are split by sector in the chart below. This has been supplemented by responses from two separate sources. The first is the responses received so far from the annual *RECOUP 2020 UK Household Plastics Collection Survey*, which has recently been sent to every Local Authority in the UK. The second is from a survey delivered by a European platform RECOUP are the UK representatives of, the European Association of Plastics Recycling and Recovery Organisations (EPRO).



Executive Summary

In 2020, industry across the world has seen unprecedented challenges due to the global Covid-19 pandemic, and the plastic supply chain in the UK has been heavily impacted by this. At the time of this report being produced, in Summer 2020, the full picture of the global impact of Covid-19 has yet to become clear, as well as how 'green recovery' ambitions will play out.

RECOUP surveyed its members, who represent the whole of the plastics supply chain, to help develop a clearer understanding of the immediate, and also the longer-term impacts of the global situation on the UK's plastic supply, use and waste management sectors.

Green Recovery

- There have been loud calls for a 'green recovery', but there are questions about what this looks like and how can it be translated into tangible actions with sustainability at the heart of it.
- The Sustainable Development Goals (SDGs) have been described as a *"blueprint to achieve a better and more sustainable future for all"* by addressing challenges on a global level. There is now an opportunity to translate some of them into how the UK Government is pushing forward its *25 Year Environment Plan* and *Resources and Waste Strategy*.
- Over 60 CEOs of major UK businesses and organisations issued a letter to the Prime Minister in May 2020 asking for nature and climate to be put at the heart of the nation's recovery.
- In the largest ever United Nations-backed CEO-led climate advocacy activity, 155 global corporations have urged world leaders to achieve a zero-carbon economy after Covid-19, asking governments to align socio-economic recovery with climate science.
- As we start to move towards a 'new normal', there are questions for every business and the Government. The consumer has their role, which on a practical and personal level could encourage lifestyle changes and responsible consumption.
- There are significant commercial realities and barriers. Commercial incentives and strong commitments are needed to reduce carbon emissions and embed environmental sustainability into all areas, and to develop material supply chains and the waste and recycling infrastructure to underpin Circular Economy models.
- As the green shoots of recovery start to show, the UK now has the opportunity to reset, reposition and reclaim progress that could have already been made, and it's an opportunity everyone can have an active role in.

Packaging Manufacturers and Packer Fillers

- Around half of the responses reported that the overall impact of Covid-19 to their businesses saw normal levels being maintained, with 30% quieter and 20% busier.
- 80% reported their supply chain had not been impacted by Covid-19, with the remaining 20% citing delays in supply as a common theme.
- There have been changes in demand for filled products which has had a direct impact on the demand for the packaging used. Products consumed away from home, such as those in hospitality, schools and travel hubs, have all reduced, whereas products purchased to consume, predominately at home, have maintained consistent levels of demand.

- Packaging manufactured for alcohol-based products (such as hand sanitiser) have been scaled up, whereas other products have seen a sharp reduction in sales.
- Despite use of recycled content continuing, there appears to be continually more use of virgin material. This could be due to: 1) Price – the price of virgin material has fallen and there is an increase in cost of recycled material; 2) Availability – virgin material is easier to source; 3) Manufacturing operations – it is more efficient to use material to manufacture packaging from one source; and 4) Product specification – virgin material is demanded by applications such as PPE, and food and medicinal contact packaging.
- There are positive signs and cause for optimism. Apart from products that will continue to be affected by end markets, with changes driven by both product availability and changes in consumer behaviours, habits and demands, there is general normalising of sales volumes.
- There is caution around a potential second wave of Covid-19 and the associated impact from: 1) Inconsistencies in available personnel from a workforce perspective; 2) General impact on the overall supply chain, including sourcing of food ingredients and packaging; and 3) Sales volumes.

Brands

- There is a greater demand for packaging at a time where the supply chain is having to adapt. In this regard, the quantity and quality of plastic packaging remains a significant and important requirement, and there are examples where packaging has *"run out"*, with many brands competing for the same packaging from suppliers.
- There are concerns that although quantities collected through kerbside schemes have increased, the material available to them might decrease and create challenges further down the supply chain. This makes sourcing and use of virgin material more secure and risk averse.
- Market changes have also shown an increase in demand for dairy goods, long-life and household products, and a reduction in the likes smaller bottled drinks. Some of these variations and changes were reported as initially spiking at the beginning of lockdown and have since plateaued or, in some cases, returned to a relatively normal level.
- Some brands have reported having to stop complementary schemes entirely. For example, bespoke collection schemes, such as the collection and recycling of disposable coffee cups.
- There are notable variations in their operational outputs during the pandemic. None are currently reporting a level consistent with that of business pre-Covid-19.
- There are concerns about how the sector will look once the pandemic, lockdown and associated preventative measures have return to some sense of normality. This includes the availability of physical resources, ranging from ingredients for food products to fit-for-purpose material available for its packaging, to human resources and consistent staffing levels.
- There is a concern for sales, including a permanent reduction in demand for certain types of products, including changes in the consumption and disposal of items away from home, product availability at point of sale and changes in attitudes and behaviours of consumers.
- Looking at the coming months, planning and risk management strategies will need to be deployed to minimise the impact on product availability.

Retailers

- The impact on retailers has in some ways defined the effects of Covid-19 on society. Whereas many retailers have had to close or focus on their online delivery services, the food and drink retailers have had a heightened level of focus to provide basic essential products.

- There has been spikes of increased demand for basic essential items and worldwide lockdowns are impacting material supplies globally, although these now have a relatively minor impact.
- There have been *"huge variations"* across products ranges, with retailers selling more long-life goods, but selling less convenience foods such as ready meals or sandwiches. Introduction of larger pack sizes has been done to enable customers to access the foods in demand.
- There has been changes to the types of materials being used for packaging, including deviations and derogations from preferred materials where materials have been unavailable and sourcing of products from suppliers that were not previously used.
- Food and materials have been diverted towards food retail as hospitality has slowed.
- It was reported that there has been increased sales, but footfall in stores has been variable and sometimes higher due to other food outlets (restaurants, cafes, etc) initially being closed.
- In addition to social distancing protocols in and outside of stores, retailers have been supporting customers by providing cleaning products to sanitise their hands, and baskets or trollies used.
- There has been considerable focus on online deliveries in an attempt to match increased demand from both vulnerable customers and those who prefer home deliveries.
- Back of store transport packaging is still being re-used or collected for recycling.
- All front of store plastic film collections has been put on pause to ensure customers can get through stores as quickly as possible and to allow for concentration on core activities.
- Depending on global level restrictions there may be worldwide shortages or spikes in the supply of food products and the availability of raw materials for packaging production and printing.
- Customer perception about hygiene and safety risks will affect re-use products and product choice, although there is optimism for the future about a 'green recovery' from a major UK food retailer: *"The current situation highlights the importance of climate change, sustainability and brings a new future where packaging and plastic is appreciated in the roles they play, and carbon becomes more important than plastic elimination."*.

Local Authorities and Waste Management Providers

- The survey has been supplemented by responses received so far from the annual *RECOUP 2020 UK Household Plastics Collection Survey*.
- Local Authorities across the UK have had to make difficult decisions around prioritising the waste collection and recycling services they provide to ensure essential services can be delivered.
- Kerbside waste and recycling services were being fundamentally maintained. Just over 50% of respondents stated that Covid-19 had impacted their kerbside recycling collections in some way. These are mainly in four areas: 1) A recordable increase or decrease in materials collected; 2) A decrease in available staff to deliver the service; a temporary suspension or change in service; and 3) collection of bulky items from households.
- Most common impact was the closure of Household Waste Recycling Centres, with almost all UK sites assumed to have been closed due to the challenges they face with being a staffed and public site that would struggle to adhere to social distancing and safe operating requirements.
- Garden Waste was the most heavily impacted kerbside collection service, with 82% of Local Authorities being affected to some extent.
- 53% of food waste collections were reported as being affected.
- During the lockdown, and with many businesses either closed or staff working from home, commercial collections had reduced substantially.
- Nearly 90% of Local Authorities reported there was a significant increase in materials collected – both recycling and general waste.

- These increases translated into an average of 26% more material from kerbside waste and recycling collections during the lockdown period.
- Where the quantity of material increased, it was reported that there were variants in levels of contamination. However, despite significant increases in overall volume, increased levels of contamination were not as high as might be expected.
- Protecting of waste management workers and the public has put additional and necessary emphasis on health and safety precautions.
- Looking to the future, the biggest concerns for the coming months were around the uncertainty of pricing mechanisms for the material that is produced, and end market availability.

Waste Management and Reprocessing in Europe

- The survey has been supplemented by responses from a survey delivered by a European platform RECOUP are the UK representatives of, the European Association of Plastics Recycling and Recovery Organisations (EPRO).
- All countries were impacted to some degree, with differences reported in terms of where the impact was being felt and the level of impact.
- Material quantities passing through sorting facilities have been higher than normal due to more people staying at home.
- The greatest impact was felt at the material collection stage of the process, rather than at the point of sorting. Although an overall 67% of countries had experienced a significant or noticeable impact for both, with 33% reporting low impact, only 13% reported a significant impact for sorting, compared to 47% for plastic collections.
- 75% of plastic recyclers said the impact had been significant or noticeable.
- Weak demand and lower pricing for recycled PE and PP pellet was reported as well as export markets being impacted by the demand and availability of containers.

Reprocessors and End Products Manufacturers

- It has generally been a quieter production period, with a decrease in customer base yielding fewer sales, which has meant furloughing or releasing of staff.
- Low oil prices are putting additional downwards price pressure on virgin polymer. This is impacting the use of recycled polymer more aggressively and making the use of recycled flake or pellet unattractive.
- The appetite to continue voluntary commitments for recycled content in the existing commercial conditions is an unknown at this stage, which could also affect markets.
- On a European level, use of recycled polymer for food contact packaging is *"going well for bottles"* for brand owners and retailers. However, this is not the situation for recycled polymer in non-food products, which is where the lower virgin polymer price is having the greatest effect.
- The impact on demand for recycled PE and PP pellet is both directly and indirectly related to Covid-19. The direct impact is due to key sectors that use the recycled polymer not operating as normal, and the indirect impact because of low oil prices.
- The demand for recycled polymer for packaging and waste bags remains stable.
- Looking to the future, volatility of demand is a concern and as a result business confidence is low. Increasing activity in the automotive and construction industries would support the use of PE and PP, whilst an increase in oil prices to previous pre-Covid-19 levels would support the commercial drivers in place to use recycled content in all polymers.

Green Recovery

Covid-19 is not only affecting health on a global level, but also businesses, livelihoods, and has caused widespread disruption to the global economy. There have been loud calls for a 'green recovery', but there are questions about what this looks like and how can it be translated into tangible actions with sustainability at the heart of it.

Taking a broad view of this, the Sustainable Development Goals (SDGs) have been described as a *"blueprint to achieve a better and more sustainable future for all"* [1] by addressing challenges on a global level. They are inclusive by design, and interconnected so they should focus minds of Governments, businesses and indeed everyone to tackle the fundamental issues, flaws and inequalities from poverty and hunger, education, clean water, peace and justice. There are many goals that relate to how we manage our world and how we treat our resources – and critically how we relate and react to both.

The SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030. They provide the goals to unite and focus on the global issues. In the UK, there is now an opportunity to translate some of them into how our Government is pushing forward its *25 Year Environment Plan* [2] and *Resources and Waste Strategy* [3].

[1] www.un.org/sustainabledevelopment/sustainable-development-goals/
[2] www.gov.uk/government/publications/25-year-environment-plan
[3] www.gov.uk/government/publications/resources-and-waste-strategy-for-england

There has already been commitments and public statements.

Over 60 CEOs of major businesses and organisations operating in the UK issued a letter to the Prime Minister in May 2020 [4], asking for nature and climate to be put at the heart of the nation's recovery.

In addition, in the largest ever United Nations-backed CEO-led climate advocacy activity, 155 global corporations have urged world leaders to achieve a zero-carbon economy after Covid-19, asking governments to align socio-economic recovery with climate science, a call on governments to match their ambition [5]. The companies have already committed science-based emission reduction targets and, reaffirming this commitment, they are calling on governments to *"prioritise a faster and fairer transition from a grey to a green economy"* [6].

UNITING BUSINESS AND GOVERNMENTS TO RECOVER BETTER

IN A TIME OF GLOBAL DISRUPTION, AMBITIOUS CLIMATE ACTION IS AS URGENT AS EVER

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

With the coronavirus (COVID-19), we are facing a global pandemic that is devastating people and their livelihoods, disrupting supply chains, profoundly deepening inequalities and undoing progress on the Sustainable Development Goals. At the same time, we continue to face a global climate emergency with irreversible impacts for people and all the natural systems that sustain us. In the face of these inter-connected crises, we cannot afford to tackle one or the other. Human health depends on planetary health. We can — and must — tackle both.

As countries work on economic aid and recovery packages in response to COVID-19, and as they prepare to submit enhanced national climate plans under the Paris Agreement, we are calling on Governments to reimagine a better future grounded in bold climate action. As we are setting ambitious corporate emission reduction targets through the Science Based Targets initiative and its Business Ambition for 1.5°C campaign, we remain committed to do our part to achieve a resilient, zero carbon economy. We are now urging Governments to prioritize a faster and fairer transition from a grey to a green economy by aligning policies and recovery plans with the latest climate science.

We must move beyond business-as-usual and work together in solidarity to deliver the greatest impact for people, prosperity and the planet. To recover better from COVID-19, we will continue to:

1. **Demonstrate that the best decisions and actions are grounded in science.** By implementing ambitious science-based targets, we aim to set the world on a 1.5°C trajectory leading to healthier and safer people, and a healthier and safer planet.
2. **Invest in recovery and resilience for a systemic socio-economic transformation.** By divesting from fossil fuels and innovating in low-carbon, resilient solutions, we are prioritizing green jobs and sustainable growth, protecting nature and people, and delivering on the 2030 Agenda and the Paris Agreement.
3. **Work with Governments and scale up the movement.** By advocating for enabling policies aligned with a 1.5°C trajectory and zero carbon economy, we look to policy-makers to give businesses the confidence and clarity they need to take ambitious climate action.

To ensure we recover better, we are calling on Governments and policy-makers to match our ambitions in their recovery efforts aligned with reaching net-zero emissions well before 2050.

If we work together, these efforts will help reduce vulnerability to future shocks and disasters, and build community resilience. A systemic shift to a zero-carbon and resilient economy is within our reach — our only future depends on making this vision a reality.

We hope you will join us.

As we start to move towards a 'new normal', it asks questions of every business and Government, which includes net carbon emissions, less commuting to work and building business around genuine sustainability.

The consumer has their role to play, which on a practical and personal level could encourage lifestyle changes and responsible consumption which directly affects the production of source materials and

[4] www.greenhousepr.co.uk/ceos-call-on-government-to-prioritise-green-recovery/
[5] https://sciencebasedtargets.org/2020/05/18/uniting-business-and-governments-to-recover-better/
[6] https://sciencebasedtargets.org/2020/05/18/uniting-business-and-governments-to-recover-better/

manufacture of products. In recent years, we as customers have become bigger consumers of cheaper goods which are often not in line with both ethical and, from an environmental viewpoint, Circular Economy positions – one that uses materials in the best way and promotes longevity and also reuse, recycling or repurposing at the end of the product's initial use.

As explored later in this report, recycling collection quantities have increased and there is proportionally less contamination in the increased quantities of material that are being collected – and there is hope these new habits can continue.

However, there are significant commercial realities and barriers as businesses and livelihoods fight to exist and thrive. Commercial incentives and strong commitments are needed to reduce carbon emissions and embed environmental sustainability into all areas, including construction, manufacturing of all products and efficient and effective business structures to operate within.

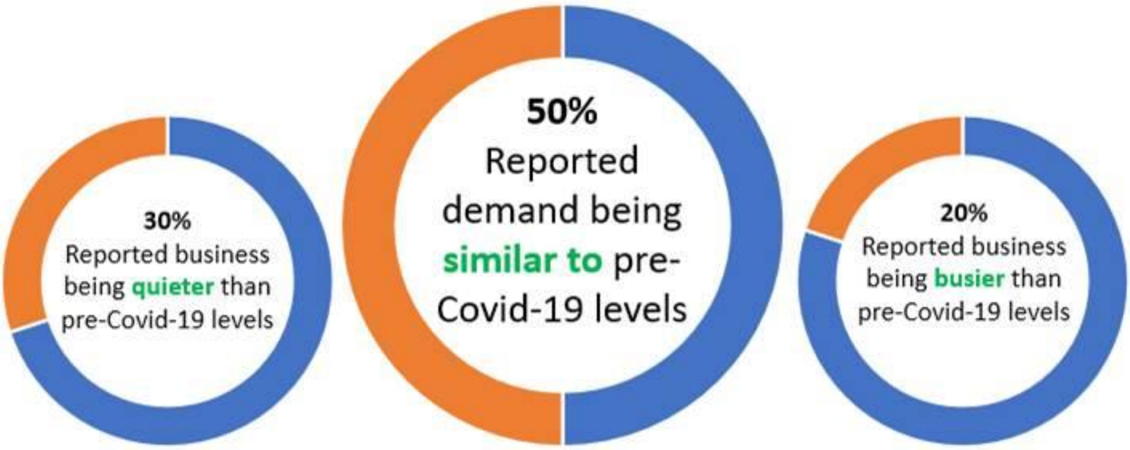
On a materials recycling level, there is a need to incentivise and develop material supply chains and the associated waste and recycling infrastructure to underpin Circular Economy models, particularly around the benefits, use and circularity of plastics.

As the green shoots of recovery start to show, we now have the opportunity to reset, reposition and reclaim progress that could have already been made, and it is an opportunity everyone can have an active role in.

Packaging Manufacturers & Packer Fillers

Whilst the responses from retailers and brand owners has shed light on the impact of Covid-19 on supply chains, reports from packaging manufacturers and packer fillers have provided a different perspective and insight into what effect the pandemic has had on the sector.

From RECOUP's survey of packaging manufacturers and packer fillers, around half of the responses reported that the overall impact of Covid-19 to their businesses saw normal levels being maintained, with 30% quieter and 20% busier.



The majority of responses to the survey stated that businesses are not producing any alternative products to their normal output, and indeed 80% reported their supply chain had not been impacted by Covid-19. However, the remaining 20% stated that their supply chain has been negatively affected during this time, with delays in supply a common theme.

There have been changes in demand for filled products which has had a direct impact on the demand for the packaging used. The activity level of the end customer is *"directly proportionate to their main route to market"* [7], an example being given by one packaging manufacturer who stated there has been a shift in customer preferences to fill more larger bottles (directly resulting in less demand for smaller bottles). Indeed, products consumed away from home, such as those in hospitality, schools, and travel hubs, have all reduced, whereas products purchased to consume, predominately at home, have maintained consistent levels of demand.

Use of Recycled Content

There has been an overall reduction in the use of recycled content during the lockdown period, with its use depending on the demand for the filled product. If the quantity of products that are manufactured is reduced, the amount of recycled material purchased and used will also decrease.
A good example of this is in natural HDPE milk containers, which experienced an initial spike in demand after lockdown begun. This has now normalised, even recording a slight dip in demand. This is due to

[7] Response to the RECOUP Covid-19 survey

some dairies reducing orders as they are not currently supplying stand-alone cafés or other similar businesses that use milk and were closed due to the pandemic.

It was reported that packaging manufactured for alcohol-based products such as hand sanitiser have been scaled up. However, it was pointed out that this was not just because of the impacts of Covid-19, and the packaging manufacturer in question was able to meet production demands using the same recycled material and specifications as before. Other products have seen a sharp reduction in sales, such as sun cream. This can be attributed to people staying at home indoors and not planning or taking holidays.

Some products are affected by the plastic recycling chain more than others and the need and use of recycled content in these cases varies – one respondent who produces garden and horticulture products cited that they use much more recycled material than virgin material. Another cited that they do not use recycled content in their packaging due to food contact regulations. This highlights the issue around both the technical and legislative barriers around the use of recycled content in packaging, and of course potential impacts of the proposed Plastic Packaging Tax [8].

So far, for those businesses that use recycled content, they have not been told of any adverse impact from suppliers due to Covid-19, and where businesses have been affected by Covid-19 sales and consequently the use of recycled content is now getting back to normal. One packaging manufacturer states:

> *"The volumes of products we manufacture and therefore the amount of recycled material we purchase decreased in April and early May. We are optimistic, as the situation is gradually getting back to normal."* [9]

[8] https://www.gov.uk/government/consultations/plastic-packaging-tax-policy-design

[9] Response to the RECOUP Covid-19 survey

Use of Virgin Material

Despite use of recycled content continuing, there appears to be continually more use of virgin material. This could be due to several factors:

1) Price – the price of virgin material has fallen and there is an increase in cost of recycled material.

2) Availability – virgin material is easier to source.

3) Manufacturing operations – from an operational perspective it is more efficient to use material to manufacture packaging from one source (instead of a virgin and recycled content mix).

4) Product specification – virgin material is demanded by applications such as PPE, and food and medicinal contact packaging.

Concerns for the Coming Months

Looking at the biggest concerns for the coming months, there are positive signs and cause for optimism. Where sales had dipped, the expectation is business is returning to normal. Others reported that sales volumes were slowing down after initial panic buying at the start of lockdown, which resulted in a surge in sales levels (with one recording record volumes) and restocking of the supply chain. Apart from products that will continue to be affected by end markets, with changes driven by both product availability and changes in consumer behaviours, habits and demands, there is general normalising of sales volumes.

However, there is caution around a potential second wave of Covid-19 and the impact could be felt in many areas:

1) Inconsistencies in available personnel from a workforce perspective. This will impact businesses' ability to fulfil customer orders. This includes the impact of track and trace for those who might have come into contact with someone that tested positive for Covid-19.

2) General impact on the overall supply chain, including sourcing of food ingredients and packaging.

3) Sales volume, including the contraction of European economic activity and navigating the global economic fallout as a result of Covid-19. This was particularly apparent in food services and convenience markets.

Of course, different parts of a business can be affected in different ways and this needs to be considered when looking at business as a whole – it is not just product supply. For example, an administrative part of the business can be operating as normal, such as those working on new product launches that are delivered a minimum of 12 months in advance. However, for business depending on orders, the demand on the manufacturing side of the business is much quieter.

Brands

It is widely accepted and reported that Covid-19 will have a profound and wide-ranging impact on all elements of society and businesses for some time to come. Brands are a reflection of this, with their extensive range of products, markets, customers and interests, a lot will share similar challenges stemming from the pandemic. However, each will also have bespoke and individual challenges relating to their products and working practices.

To accommodate for this, some brands have taken pre-meditated steps towards adjusting their output in order to meet the changing demands across the retail industry. This has included some using 3D printers to support the production of masks for the NHS, creation of hand sanitiser by companies that would otherwise make other products, in order to meet the heightened demands for PPE, as well as soaps and other hygiene products in general.

By association, these changes, and in cases of hygiene products the increase in output, have also generated a greater demand for packaging at a time where the supply chain is having to adapt. In this regard, the quantity and quality of plastic packaging remains a significant and important requirement, and there are examples where packaging has *"run out"* [10], with many brands competing for the same packaging from suppliers, and use of third parties to fill the packaging:

> *"More use of stock packaging (so virgin plastic) and production has been continuous in the factory to keep up with demand. Also have got more stock packaging being filled by 3rd parties for us to keep up with demand."* [11]

There are also concerns from brands that although quantities collected through kerbside schemes have increased, the material available to them might decrease and create challenges further down the supply chain. This makes sourcing and use of virgin material more secure and risk averse.

Market changes have also shown an increase in demand for dairy goods, long-life and household products, and a reduction in the likes smaller bottled drinks, including bottled water. However, some of these variations and changes were reported as initially spiking at the beginning of lockdown and have since plateaued or, in some cases, returned to a relatively normal level over the course of the summer. Looking at the coming months, there is concern of the availability of food ingredients and planning and risk management strategies will need to be deployed to minimise the impact on product availability.

Anecdotally, demand for food packaging has remained consistent despite the significant variations in some product lines. In some cases, there was a preference for use of packaging over previously loose food goods, creating a small increase in demand.

Meanwhile, some brands have reported having to stop complementary schemes entirely. For example, some of those which operate bespoke collection schemes, such as the collection and

[10] Response to the RECOUP Covid-19 survey
[11] Response to the RECOUP Covid-19 survey

recycling of otherwise non-recyclable, disposable coffee cups, have been suspended indefinitely. This is due to the increased challenges of engaging and collecting post-consumer waste, transit logistics and the changes in demands and operation at processing facilities. All stages of which have an associated risk when it comes to hygiene and contact with consumer-handled materials.

Ultimately, and like most sectors, brands are facing notable variations in their operational outputs during the pandemic. This varies from organisation to organisation as to whether it is an increase or decrease in demand, and none are currently reporting a level consistent with that of business pre-Covid-19.

Furthermore, brands are reporting concerns about how the sector will look once the pandemic, lockdown and associated preventative measures have return to some sense of normality. This includes concerns around the availability of all physical resources, ranging from ingredients for food products to fit-for-purpose material available for its packaging, to human resources and consistent staffing levels. Also, often stated is an ever-present concern with sales, with consumer behaviours, habits and demands due to take an unknown amount time, if indeed ever, in returning to pre-Covid-19 levels for all products. This may include a permanent reduction in demand for certain types of products, including changes in the consumption and disposal of items away from home, product availability at point of sale and changes in attitudes and behaviours of consumers. Consequently, this could reduce the prevalence of materials disposed of ‘away from home’ in the likes of high streets, parks, workplaces and transport hubs, with this material instead being disposed of in general waste bins, recycling bins or as litter.

Retailers

The impact on retailers, both for food and non-food, has in some ways defined the effects of Covid-19 on society. Whereas many retailers have had to close or focus on their online delivery services, the food and drink retailers have had a heightened level of focus to provide basic essential products to the public. As such, and with most non-essential retailers only re-opening on 15th June, this report is focusing on food retail only.

All responses to this survey confirmed that this area of the supply chain has been impacted by Covid-19, with the majority stating that they are busier and producing alternative products to their normal output.

Food Products & Packaging Material Supplies

Looking purely at food retail, material supplies have been affected. There has been spikes of increased demand for basic essential items and worldwide lockdowns are impacting material supplies globally, although these now appear to have a relatively minor impact. Initially, suppliers were struggling to keep up with the level of demand that was being placed on them, which is now not so much of an issue and, as a result availability is steadily improving. There have been *"huge variations"* [12] across products ranges, with retailers selling more long-life goods, but selling less convenience foods such as ready meals or sandwiches. Introduction of larger pack sizes has been done to enable customers to access the foods in demand.

There has been changes to the types of materials being used for packaging, including production of key products being scaled up, with family and individual sizes being maintained. Deviations and derogations from preferred materials have been experienced where materials have been unavailable and to allow sourcing of products from suppliers that were not previously used.

Food and materials have also been diverted towards food retail as hospitality and catering has slowed, although there are situations where the packaging has not been available when food supply has been made available to them. For example, the high demand for grocery products has meant impacts on some secondary packaging materials. Lead times have also increased.

Footfall, Safe Shopping & Online Deliveries

Generally, it was reported that there has been increased sales [13] but footfall in stores has been variable and sometimes higher due to other food outlets (restaurants, cafes, etc) initially being closed, and reopening with a reduced capacity to serve. Where retailers did not benefit from increased food sales, business in clothing, home and coffee shops stopped or saw significantly reduced sales, and these are now recovering.

[12] Response to the RECOUP Covid-19 survey
[13] www.bbc.co.uk/news/business-53178095

In addition to social distancing protocols in and outside of stores, retailers have been supporting customers in-store by providing cleaning products and PPE so that they can sanitise their hands, and baskets or trollies used. To help reduce food waste, use of vlogs have also been used to inform customers that products are safe to freeze.

There has been considerable focus on online deliveries in an attempt to match increased demand from both vulnerable customers and those who either prefer home deliveries or want to avoid the supermarket. The online range has also extended for some retailers to include food boxes that include standard products.

Waste & Recycling

Back of store transport packaging is still being re-used or collected for recycling to ensure that waste commercial packaging continues to be processed and can continue to be used within the supply chain. Retailers also reported they are monitoring recycled material availability and are in constant dialogue with suppliers.

All front of store plastic film collections has been put on pause to ensure customers can get through stores as quickly as possible and to allow for concentration on core activities. Consequently, this has meant less material has been collected and therefore it is assumed it is being disposed of through kerbside collection schemes (as either recycling or general waste). It is expected that front of store collections will continue and develop when there is less risk of handling post-consumer material in store and more normal shopping practices are resumed.

Optimism for the Future

Depending on the global level of restrictions and lockdown constraints, there may be worldwide shortages or spikes in the supply of food products and the availability of raw materials for packaging production and printing. Customer perception about hygiene and safety risks will affect re-use products and product choice, although there is optimism for the future about a 'green recovery' from a major UK food retailer:

> *"The current situation highlights the importance of climate change, sustainability and brings a new future where packaging and plastic is appreciated in the roles they play, and carbon becomes more important than plastic elimination."* [14]

[14] Response to the RECOUP Covid-19 survey

Local Authorities & Waste Management Providers

With waste collection and recycling services being deemed a key service by the government[15], Local Authorities and waste management companies are delivering essential services to collect waste and recycling from households, and also businesses who are still operating.

In a number of cases, Local Authorities across the UK have had to make difficult decisions around prioritising the waste collection and recycling services they provide to ensure that these essential services can be delivered.

Waste management companies stated that they have been busier than pre-Covid-19 levels, with the impact broadly two-fold: 1) collecting the material; 2) sorting material into the various types and formats in MRFs and PRFs. The impacts of each has been outlined in this section.

The results of the RECOUP Covid-19 survey have been supplemented by responses received from the annual *RECOUP 2020 UK Household Plastics Collection Survey*, which has recently been sent to every Local Authority in the UK. Whilst this is not a final dataset, there are enough responses to provide a representative sample to understand the impact on material collections.

Material Collections

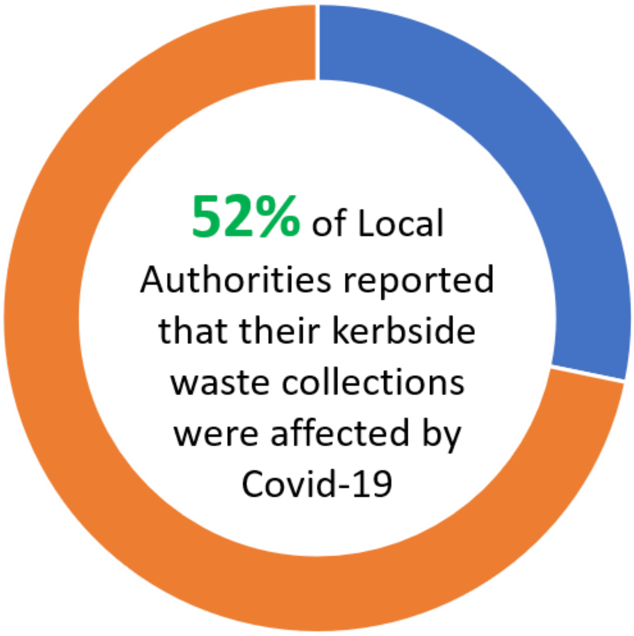
Material collections has been outlined in three areas – service provision, collection quantities and the quality of the material collected.

Service Provision

Just over 50% of respondents stated that Covid-19 had impacted their kerbside recycling collections in some way. These are mainly in four areas:

1) A recordable increase or decrease in materials collected.
2) A decrease in available staff to deliver the service – either due to sickness, or because they have been prioritised for other material collection e.g. focusing on general waste collections instead of collecting garden waste.
3) A temporary suspension or change in service.
4) Collection of bulky items from households.

[15] www.letsrecycle.com/news/latest-news/esa-clarifies-key-worker-definition-for-waste/



It should be noted that timescales vary around any reported impact, so services could have been affected for as little as one or two weeks, for a longer period, or remain a problem at this time.

There have been no reports of changing the types of material that are being collected aside from those who had suspended certain collections (e.g. garden waste, food waste).

A reported 53% of food waste collections were reported as being affected. Garden Waste was the most heavily impacted kerbside collection service, with 82% of Local Authorities being affected to some extent. This was clarified by reports from a number of Local Authorities that garden waste collections were suspended in April and May to free up resources, enabling them to cover priority services – specifically collections of general waste, DMR (Dry Mixed Recycling) and food waste. However, although these were also reported as being affected, around 50% of these collection services were not impacted in any way, suggesting use of resources was effectively managed. The anomaly in kerbside recycling collections was that nearly 70% of source separated collections were affected compared to 48% of co-mingled collections.

Whilst around 50% of kerbside collections were affected, a number of Local Authorities suspended other collection services. The most common impact was the closure of Household Waste Recycling Centres (HWRCs), with almost all UK sites assumed to been closed due to the challenges they face with being a staffed and public site that would struggle to adhere to social distancing and safe operating requirements. At least one Local Authority had prepared to use closed HWRC sites as a holding facility for kerbside collected materials. This was to allow for the temporarily storing of any backlog of collected recyclable materials where further transfer or processing could not be achieved.

Looking at another source of information, regular reports by ADEPT (Association of Directors of Environment, Economy, Planning and Transport) also highlighted how kerbside waste and recycling services were being fundamentally maintained [16], with the majority delivering general waste and DMR

[16] www.adeptnet.org.uk/covid-19-waste-survey-results

services [17]. Most recently [18], 83% of responses to their survey in the week commencing 8th June 2020 report general waste services to be operating as normal, a reduction from previous weeks. 70% of kerbside recycling collections were reported to be operating as normal. Although this was down from down from 75% and 81% in the two previous weeks, the majority of the remaining responses reported experiencing only minor disruption.

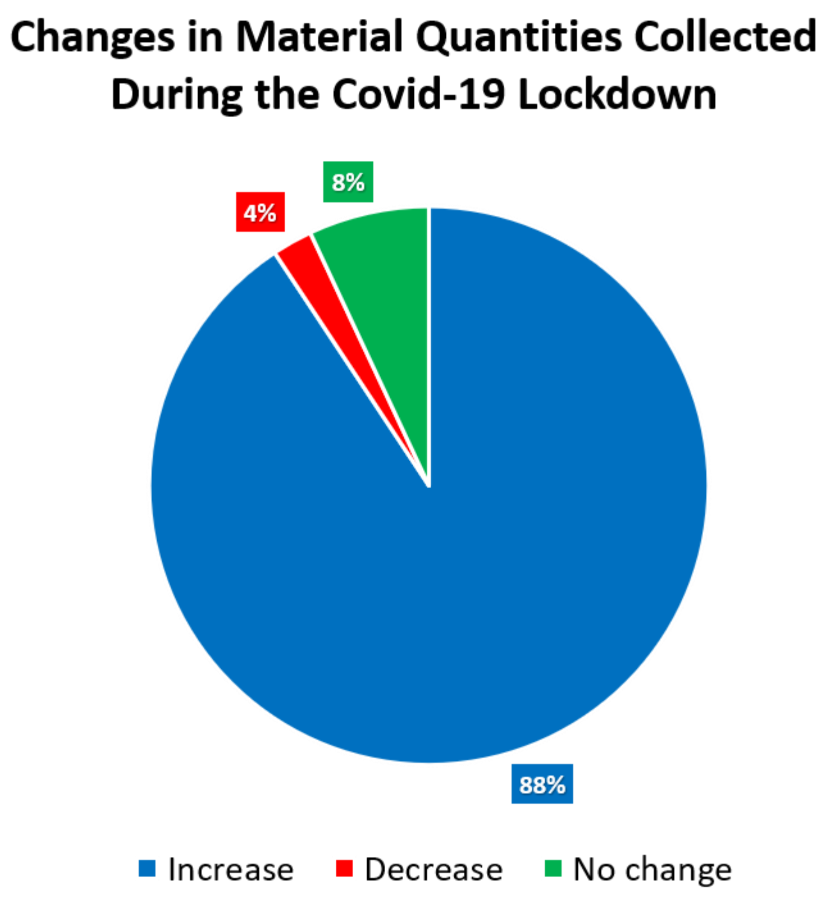
Aside from plastic collections, other materials appear to have suffered more significantly. Collection of wood has especially suffered due to its lack of a kerbside recycling option and an increase in DIY and gardening jobs being done by householders who were in lockdown. With HWRCs the only large scale option for the disposal of wood for recycling, the assumption is that this material has either been put into general waste for landfill or incineration, incorrectly into garden or green waste, or, in some cases, been linked to reported increases in incidences of litter and fly tipping.

During the lockdown and with many businesses either closed or staff working from home, whereas more recycled material was being collected for recycling from households, material from commercial collections had reduced substantially. It is anticipated these will increase, but possibly not to pre-Covid-19 levels. This depends on the number of business operating and the scale of staff working from home.

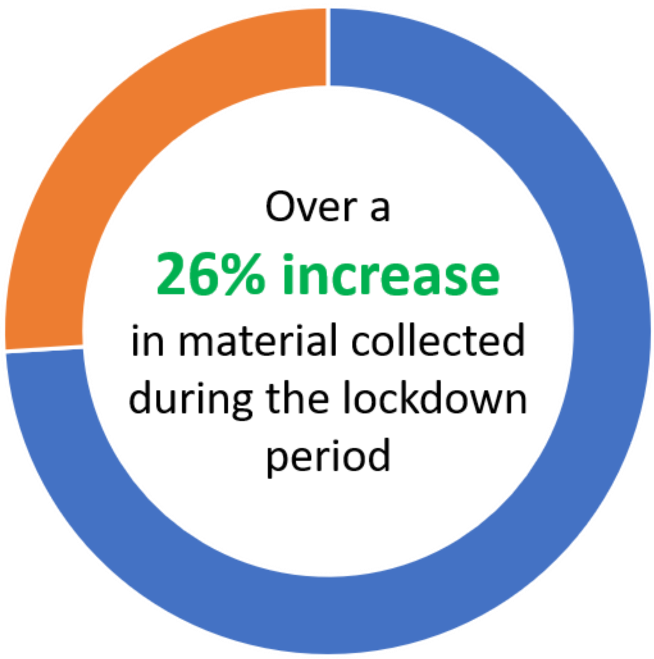
Recycling Collection Quantities

In terms of quantities of materials collected, nearly 90% of Local Authorities reported that there was a significant increase in materials collected – both recycling and general waste.

[17] Source: Suez UK
[18] www.adeptnet.org.uk/documents/covid-19-waste-survey-results-wc-15th-june

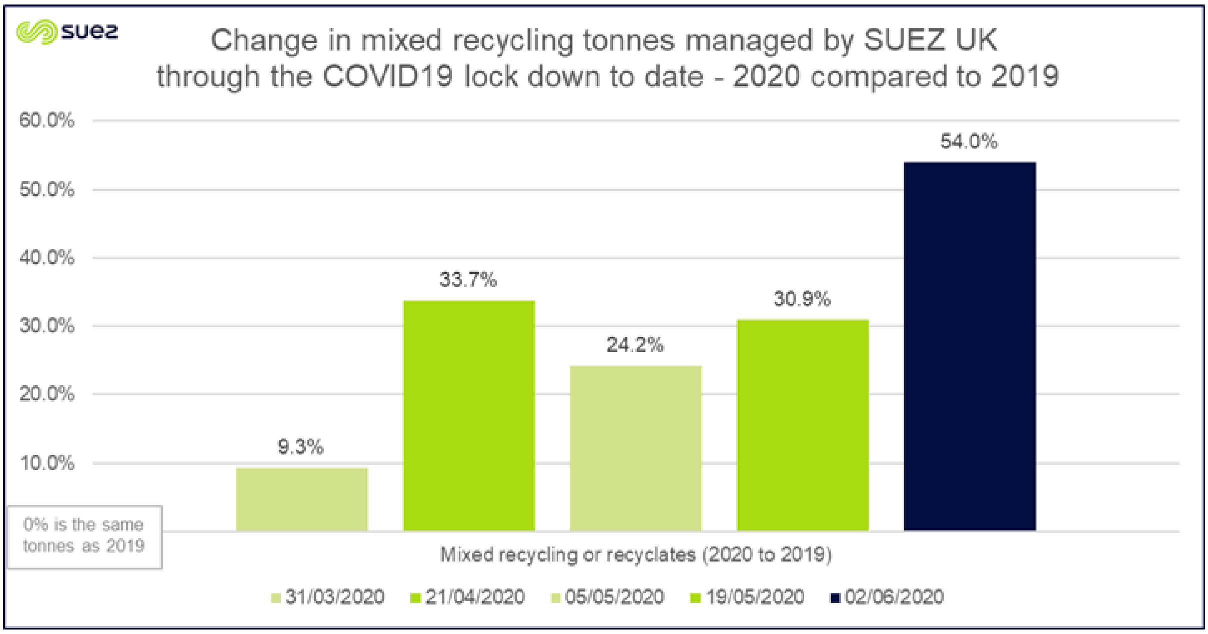


These increases translated into an average of 26% more material being collected from kerbside waste and recycling schemes.



This was backed up by a private waste management company stating: *"A lot of our business is collecting segregated grades from council MRFs and there has been an increased number of loads each week for collection."* [19].

This was reflected by a 2019 to 2020 comparison in the change of mixed recycling tonnes managed by Suez UK from the start of the Covid-19 lockdown to early June. This provides an indication that the average increase of 26% from kerbside waste and recycling collections reported by Local Authorities in this report could be a reflection of a UK wide trend.



The increase in waste collected is largely down to the change of consumer and household consumption habits caused by the lockdown, with restaurants, cafes and other external amenities either closed or offering takeaway-only services. This, almost without exception, means that products previously purchased, consumed and recycled away from home were only disposed of at home and through kerbside collections. This has meant that general waste collected through away from home bins has reduced, and some Local Authorities asked members of the public not to use them where possible. This was included in official Government advice regarding disposal of waste during the lockdown period. The advice also asked that residents double bag and wait three days before putting general waste in an outside unit, and wipe down unit handles before and after putting bins out for collection.

There were comments that garden waste increased by similar levels in some parts of the country, and anecdotal evidence that with people doing more work in their gardens, quantities from garden waste collections increased where collections services continued.

[19] Response to the RECOUP Covid-19 survey

Recycling Collection Quality

Where the quantity of material increased, it was reported that there were variants in levels of contamination. However, despite significant increases in overall volume, increased levels of contamination were not as high as might be expected.

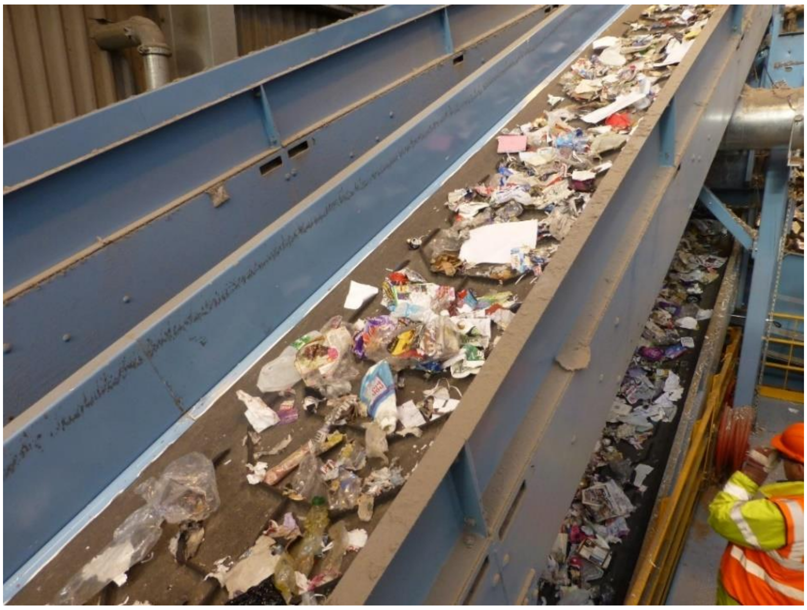
However, whilst this could be due to the consumer, it was also thought by one respondent that it was also due to the amount of material that is being run through MRFs. This greater volume meant a need to increase the speed of the belts to keep up with this increased input, and as a result less non-target material was being removed.

Material Sorting

Protecting of waste management workers and the public has put additional and necessary emphasis on health and safety precautions. This has included *"adequate and hygienic washing facilities for personnel, updated risk assessments, deployment and use of appropriate PPE, and clear procedures in the event of a suspected or confirmed case of Covid-19 in the workforce"* [20].

The Waste Industry Safety and Health Forum (WISH) has been updating its Covid-19 and Waste Management Activities Information Document as new advice and requirements have been communicated from Government. This included cleansing procedures at MRFs and in vehicle and collection operations.

The sixth version of this document[21] references track and trace, fly tipping and the provision of checklists to develop tools for the assessment of their Covid-19 arrangements and to monitor compliance with them.



Material Sorting Belt at a MRF

[20] www.circularonline.co.uk/briefing-papers/coronavirus-update-waste-management-sector/
[21] https://wishforum.org.uk/wp-content/uploads/2020/06/WISH-INFO-13-COVID19-and-waste-management-activities-issue-6-4-June-2020.pdf

Meeting the Challenge

Across both collection and sorting of materials, issues with staff absences, combined with collection logistics and the increased challenges around processing materials, highlight the effective use of resources that Local Authorities and waste management companies have available, and the incredible work that they have maintained throughout the unprecedented Covid-19 pandemic.

Looking to the future, the biggest concerns for the coming months are around the uncertainty of pricing mechanisms for the material that is produced, and end market availability. Weak demand and lower pricing for recycled PE and PP pellet in particular, is impacting on economics for those supplying plastics to recyclers, which is covered in the *Reprocessor and End Product Manufacturers* section of this report. These weakened end markets highlight the commercial risks to Local Authorities and waste management companies alike and it is something RECOUP will continue to monitor and report on.

Waste Management in Europe

RECOUP is the UK representative of the European Association of Plastics Recycling and Recovery Organisations (EPRO) and is able to communicate and influence through this network. EPRO predominately includes members from Europe, but also some who operate on a global level.

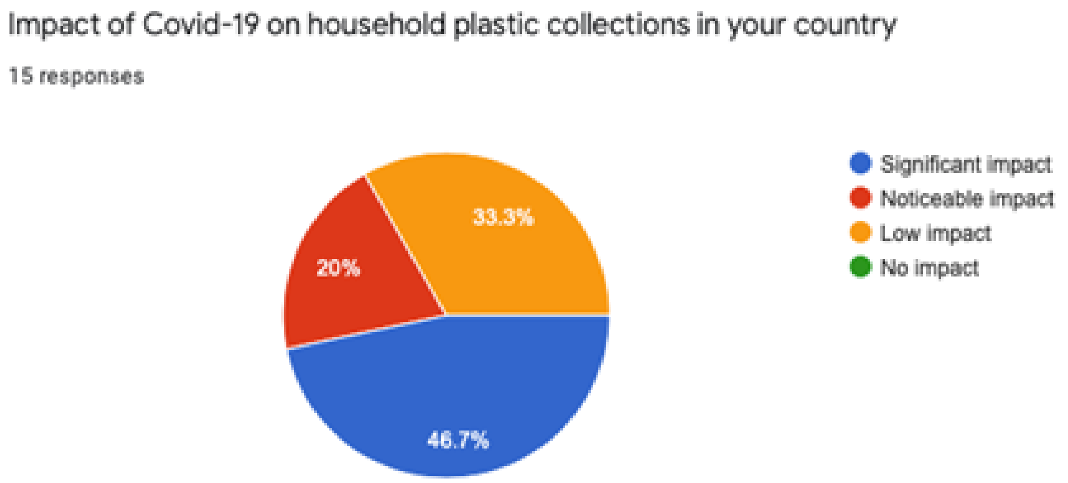
EPRO completed a survey of its members to understand the impact of Covid-19, which had a varied range of input in terms of geographical spread and sectors (household, commercial / industrial and agricultural). The countries that contributed, included: Belgium, Canada, Finland, France, Germany, Iceland, Ireland, Italy, the Netherlands, New Zealand, Norway, South Africa, Spain, Switzerland, and the UK.

The results confirmed all countries were impacted to some degree, with differences reported in terms of where the impact was being felt and the level of impact.

Where they were operating, as in the UK, it was noted that material quantities passing through sorting facilities have been higher than normal due to more people staying at home.

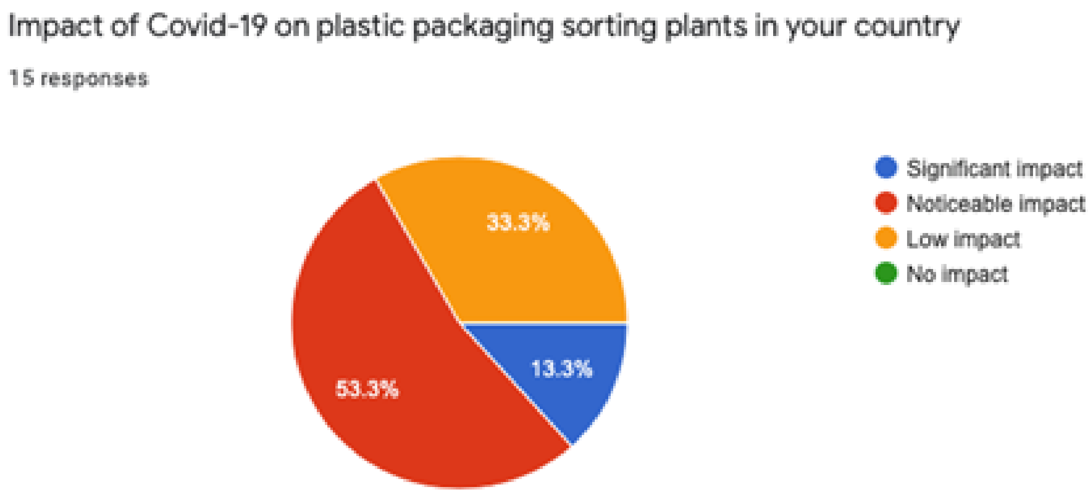
The greatest impact was felt at the material collection stage of the process, rather than at the point of sorting. Looking at household collections of plastics, 67% of countries had a significant or noticeable impact from Covid-19, with 33% reporting low impact.

Impact of Covid-19 on Collections



A significant or noticeable impact (67%) was reported to be similar at sorting facilities, although just 13% reported a significant impact, compared to 47% for plastic collections.

Impact of Covid-19 on Sorting Facilities



Weak demand and lower pricing for recycled PE and PP pellet was also reported, as well as export markets being impacted by the demand and availability of containers.

In addition to the EPRO survey, waste management in the context of the Coronavirus from the European Commission can be found at https://ec.europa.eu/info/files/waste-management-context-coronavirus-crisis_en.

Reprocessors & End Products Manufacturers

Reprocessors and end market manufacturers rely on commercial drivers to produce end products that use recycled polymers. There can be fine profit margins, particularly in the reprocessing sector, with significant operational challenges and material yield losses in the manufacturing process. This is then compounded if end users are not purchasing products that contain recycled content, or if the product manufacturers are not specifying it, and therefore not using it, then the demand will fall.

The impact of Covid-19 is being felt by reprocessors and end product manufacturers with reports of a quieter production period, with a decrease in customer base yielding fewer sales, which has meant furloughing or releasing of staff.

This sector has also felt the impact of other commercial variables that have affected its business. Low oil prices are putting additional downwards price pressure on virgin polymer. This is impacting the use of recycled polymer more aggressively and making the use of recycled flake or pellet unattractive. From an operational viewpoint, it might also be easier for an end market manufacturer to use virgin material. The appetite to continue voluntary commitments for recycled content in the existing commercial conditions is also unknown at this stage, which could also affect markets.

It was reported that, on a European level, use of recycled polymer for food contact packaging is *"going well for bottles"* [22] for brand owners and retailers. However, this is not the situation for recycled polymer in non-food products, which is where the lower virgin polymer price is having the greatest effect:

> *"Non-food contact recyclate has crashed, only food contact recyclate is surviving."* [23]

Information provided in response to the RECOUP survey stated that there was no reported change to products reprocessed or manufactured, but one end market manufacturer reported a positive new product line to their range:

> *"We've recently added PPE Visors to our range due to demand from the healthcare industry. They have been certified and CE marked. The Visors are one piece thermoformed and made from recyclable rPET and have a high inclusion of recycled content."* [24]

Reprocessors and End Product Manufacturers in Europe

As outlined in the Local Authorities and Waste Management Providers section, RECOUP is the UK representative of the European Association of Plastics Recycling and Recovery Organisations (EPRO).

[22] Response to the RECOUP Covid-19 survey
[23] Response to the RECOUP Covid-19 survey
[24] Response to the RECOUP Covid-19 survey

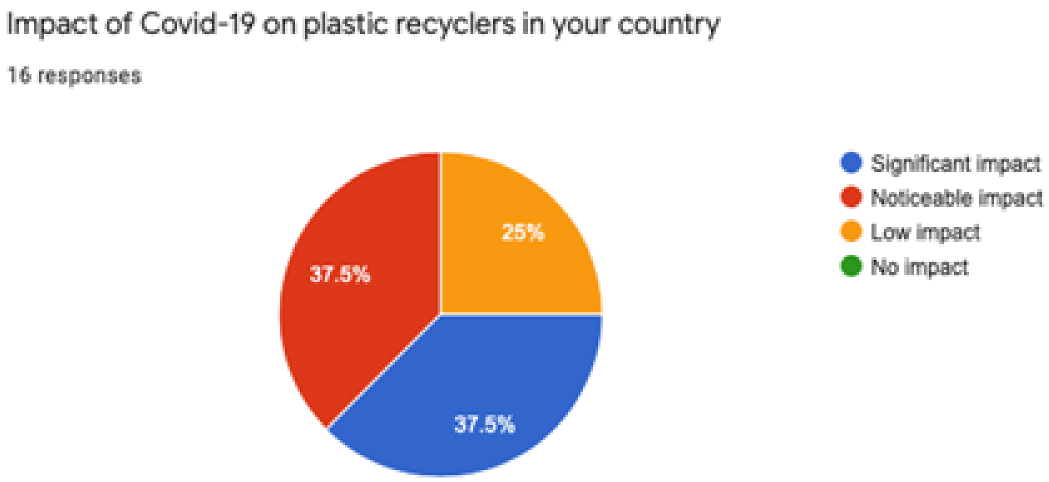
EPRO completed a survey of its own members in order to understand the wider impact of Covid-19, with responses from countries all over Europe, including some on a global level.

As with waste and recycling collections and material sorting, all countries were impacted to some degree. In total, 75% said the impact had been significant or noticeable.

A recurring message was the impact on demand for recycled PE (Polyethylene) and PP (Polypropylene) pellet. This is both directly and indirectly related to Covid-19. The direct impact is due to key sectors that use the recycled polymer not operating as normal, including the automotive and construction industries, and the indirect impact because of low oil prices. However, the demand for recycled polymer for packaging and waste bags, an important market for LDPE, remains stable.

The knock-on impacts in terms of meeting recycling targets were also highlighted as a risk.

Impact of Covid-19 on Plastic Recyclers



Looking to the future, volatility of demand is a concern and as a result business confidence is low. Increasing activity in the automotive and construction industries would support the use of PE and PP, whilst an increase in oil prices to previous pre-Covid-19 levels would support the commercial drivers in place to use recycled content in all polymers; although low oil prices are expected by many to remain for at least 1-2 years.

Abbreviations

ADEPT – Association of Directors of Environment, Economy, Planning and Transport

DMR – Dry Mixed Recycling

EPRO – European Association of Plastics Recycling and Recovery Organisations

HDPE – High Density Polyethylene

LDPE – Low Density Polyethylene

MRF – Material Recovery Facility

PRF – Plastics Recovery Facility

PE - Polyethylene

PTT – Plastic Pots, Tubs & Trays

PP – Polypropylene

SDG - Sustainable Development Goals

UK – United Kingdom (England, Scotland, Wales and Northern Ireland)

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