



Survey of the Use of Recycled Content by Northwest Manufacturing Sectors

Executive Summary

(Report produced by Quantum Strategy & Technology Ltd
on behalf of Envirolink Northwest Ltd)



Introduction

In Autumn 2007 Envirolink Northwest appointed Quantum Strategy & Technology to conduct a study into the current use of recycled material by manufacturers selling into the construction and packaging sectors in the North West (NW). The results of this study are presented below.

Study Aims

The aims of the survey were:

- To identify and survey companies manufacturing products in the NW which produce packaging and construction products;
- To identify opportunities in these NW manufacturing sectors where virgin material could be substituted for a recycled alternative, or recycled content could be increased;
- Identify best practice companies and applications to demonstrate drivers for using recycled content;
- To collect information to be incorporated into a directory of NW recycled content manufacturers to be produced by Envirolink Northwest.

Survey Methodology

Stage 1 – Creating a database of companies

To perform this work a database of NW companies was compiled using SIC (Standard Industry Classification) data from Companies House.

Stage 2 – Telephone interviews

After data base cleansing a final database of 1160 companies still active and selling into the desired sectors was produced and all of these companies were contacted at least once. Of these companies 160 were willing to participate in telephone interviews giving an error on the sample size of less than 6%.

Stage 3 – Face to face interviews

In addition to the telephone interviews, around 40 additional face to face interviews were made with supply chain and support organisations to ensure a thorough understanding of the market place.

Summary of Findings

Of the 160 companies interviewed, 130 came from the construction sector, and 30 from the packaging sector. The size of the companies was representative of the regional spread of manufacturing with the majority being SME's as shown in figure A below.

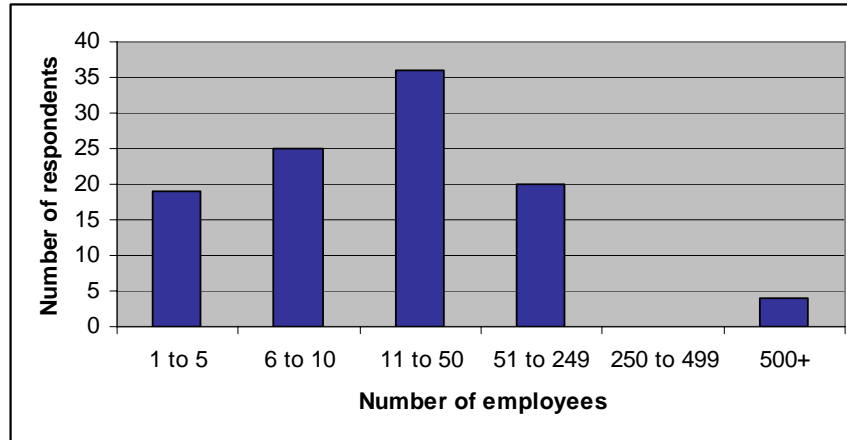


Figure A: Spread of Companies interviewed, by number of employees

In total, 65 respondents were found to be using recycled materials. Figure B shows the number of respondents in each sector by the type of recycled materials used (note that it shows the number of respondents using each material, not the total number of manufacturers using recycled content).

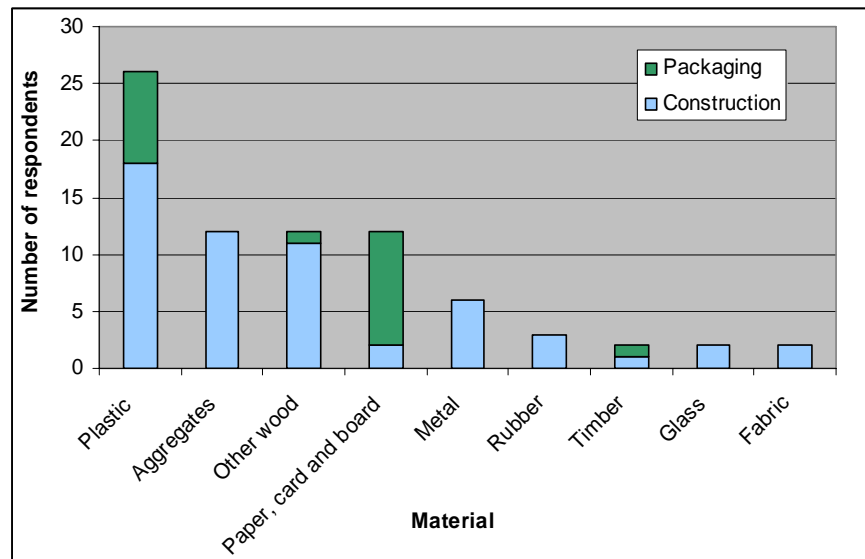


Figure B: Number of respondents using recycled content by material

The most common product with recycled content was found to be paper, card and board. Eighty percent of manufacturers using these materials use some amount of recycled content, but only 40% of these manufacturers have products with a high recycled content (80% or more of the material in a product is recycled). The material with the largest amount of high recycled content is 'other wood', which includes materials such as MDF and chipboard. Those using recycled 'other wood', all have over 80% recycled content and many are using 100% recycled materials. Manufacturers using fabric,

rubber and plastic also use a reasonable amount of recycled content. For example, of those using rubber 40% use material with 80% or higher recycled content. The lowest recycled content was found in timber, 36 of the 42 respondents were using virgin material.

Most companies reported that they had no problems with long lead times for supply of recycled material and over 75% did not report any problems with availability. As can be seen in figure C below the main issue was quality.

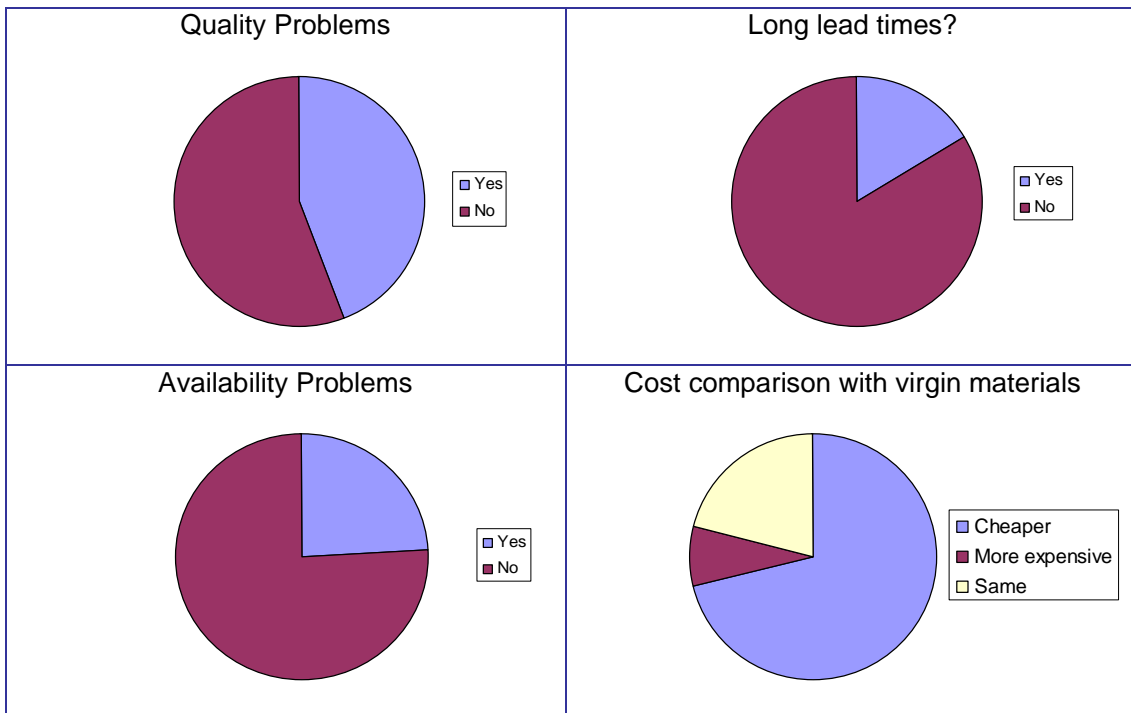


Figure C: Problems reported by companies in using recycled material

The main drivers for making a decision on whether to use recycled material (shown in figure D below) were reported to be availability and cost but it is interesting to note that demand and competition are becoming more of an issue.

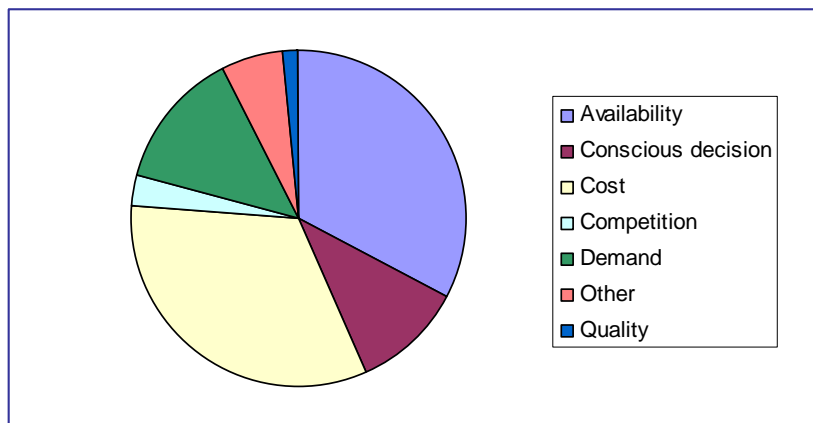


Figure D: Drivers for using recycled material

Thirty five companies were looking to increase the use of recycled material, compared to 69 who said that they were not (shown in figure E). The majority of those looking to use more recycled materials were companies that used plastic or timber as a main raw material. The reasons given by the companies who did not want to increase use of recycled material is also shown in figure E.

Finally, figure F below shows the number of companies reporting increased pressure to use recycled material and the source of this pressure.

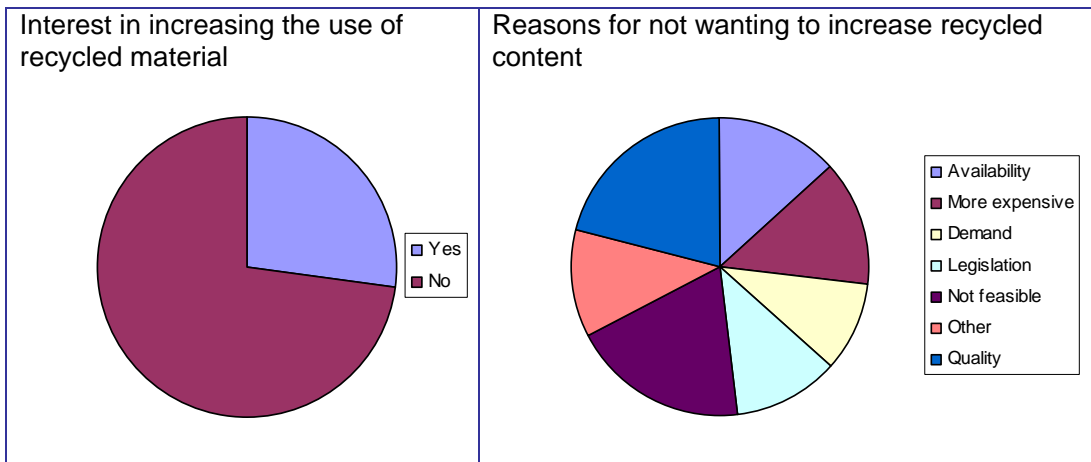


Figure E: Interest in using recycled material

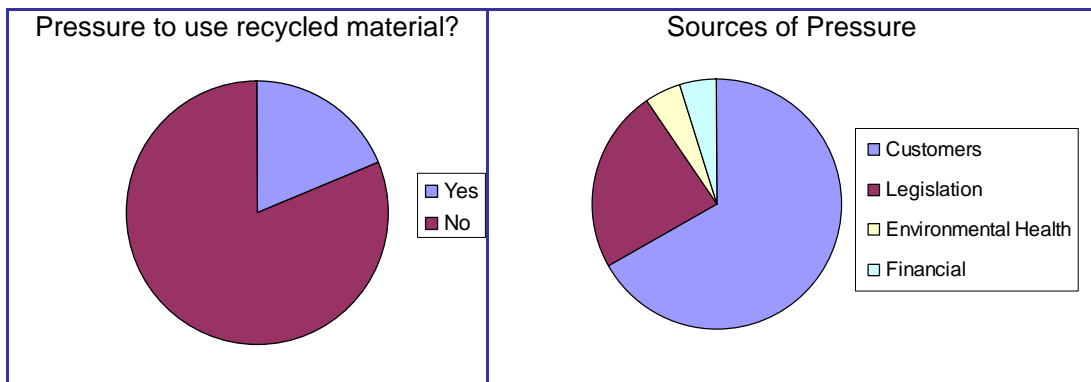


Figure F: Pressure to increase recycled content

Analysis

It is clear from the results that there is a lot of activity in the North West in manufacturing goods for the construction and packaging sectors. There is still a lot of conservatism in the sector with most manufacturing companies viewing the issue of waste as a problem and cost (which it is) rather than also as an opportunity.

However, pressure from increasing landfill costs, supply chain and increasing economic opportunities are beginning to impact on behaviour. New operations are developing across the region as companies begin to grasp the size of the opportunity and this is likely to increase dramatically as the landfill tax escalator further improves the economics over the coming three years.

The companies interviewed that are already using recycled material report that they have few problems with availability and not too many with quality and cost. Although there is concern within the plastics sector that the quality of available material has deteriorated in recent years whilst price has increased. Most plastic products manufacturers would like to identify more cheap sources of high quality recycled material.

A lot of respondents would like to receive more information on where to source recycled materials. This points towards the need for supply chain directories such as those already produced by Envirolink. In general it is clear that there is still a real need for awareness raising. Many of the “barriers” to using recycled materials reported by companies are real, but in some cases these barriers are perceived than actual and more can be achieved through raising the awareness of the manufacturers.

Only 40% of respondents are using recycled content so there must be scope for using more if people are aware/educated/enabled. This seems a bigger opportunity than increasing recycled content in those already using recycled.

Both sets of respondents could look at developing new products to assist innovation and new ideas. Market demand is moving that way in both construction and packaging. There is lots of pressure in both sectors to use more recycled content both from legislation and from local planning requirements on recycled content in construction projects (part of the sustainability agenda). It is clear from the survey that major benefits exist in using recycled materials. The main benefits reported being:

- Development of new product areas
- Cost Reduction
- A green image leading to increased sales
- Sustainable development helping to guarantee long term business survival
- Potential reductions in waste disposal costs

Getting local authorities and architects to specify recycled content in procurement and planning policies would stimulate demand. Whilst builders and construction companies have a very high awareness of waste issues as they are dealing with this on a daily basis there is still a lack of focus on this issue from the majority of architects and some local authorities. Envirolink is already making progress in influencing regional procurement and WRAP is working at a national level, but more could be done on planning guidelines. Specifically the responses from architects indicate that they are surprisingly unaware/unconcerned about specifying recycled content.

Envirolink is working hard in this area and in particular has released two new publications, one on “smart planning” and one on targeting “10% recycled content by materials value” and both of these should be disseminated as widely as possible.

Recommendations

From the research a number of specific opportunities have been identified:

1. **Directory** of where to find recycled content products. Some work has already been done on this. Envirolink's Buy Recycled Code is a good starting point for information as is this study. The opportunity is to produce an on-line directory of sector specific products which can be easily updated and targeted and marketed to individual sectors.
2. **Regional Marketing** of the recycled content products available. This could take the form of a trade show, similar to the Buying Green in the North West event organised by Envirolink in June 2007, or a trade stand at a relevant trade show where the best in recycled products can be showcased. The database produced can be used to identify companies to offer products here, potentially this could be several hundred products.
3. **New product development** for both recycled and virgin users. There is an appetite from the manufacturers both for targeted single product support and for the organisation of sector specific workshops where manufacturers and purchasers can jointly "brainstorm" what products could be successfully and economically produced. The use of recycled plastics in the construction sector is an obvious first target for this. The production of a successful new product development guide for recycled material – based on the original DTI successful new product development guide would also be very helpful.
4. **Targeted/tailored support for individual companies** interested in using more recycled content is clearly important. This should involve both signposting to other providers (e.g. WRAP and NISP) and also build on the regional knowledge and contacts of Envirolink. A key part of Envirolink's role is identification of companies. As a result of this study one company is being supported to grow by 20 jobs and another is looking at diverting 250 tonnes of waste from landfill. In addition three companies have been signposted to WRAP and two to NISP. The database should continue to be used to identify these opportunities.
5. **Work with local authorities.** Envirolink already has contact with & funding from most local authorities or waste partnerships but emphasis is on diverting tonnes away from landfill. There is an opportunity to have more contact with local authority economic development departments to identify potential companies for assistance. There is also a need to continue Envirolink's work with local authority planning teams to ensure they are specifying recycled content in new construction schemes.
6. **Planning and Consents.** Envirolink sits on the NW RTAB (Regional Technical Advisory Board) which effectively reports to NWRA on waste planning issues and identifying sites for waste processing. Envirolink should seek to use these links to identify potential locations for recycling activities. These will increasingly need to be close to sources of recyclate in the future and effort should be made to try to locate manufacturing companies close by to take advantage or at least make the linkage between recyclate producers and product manufacturers.
7. Examples of recycling **clusters** were identified in the study and this is a very interesting development. Envirolink should seek to identify more of these opportunities by using the recently completed regional studies on C&I and C&D waste to identify concentrations of 'interesting' wastes and try to link with manufacturers.

8. **Awareness raising.** There is still a lot of conservatism in the use of recycled content and there is scope for a tailored awareness raising programme for architects on the use of and availability of recycled content products as well as for local planners and councillors to highlight economic opportunities from using recycled content. (A key factor to note is that this helps to get planning permission for companies handling 'waste').

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