

Post-Implementation Review of the Single Use Carrier Bag Charge in Wales

Executive Summary

1. Background

- 1.1 Wales was the first country in the UK to introduce a Single Use Carrier Bag (SUCB) Charge in order to reduce consumption and the associated environmental impacts of SUCB production, use and disposal. The SUCB Charge (Wales) Regulations 2010 introduced a minimum charge of 5 pence for each SUCB. Since October 2011 the charge has been levied at the point of sale, both in store and for distance selling methods.

2. Aims

- 2.1 The aim of this project was to conduct a post-implementation review of the SUCB charge. The project objectives were to assess:
- the impact the charge has had on the consumption of SUCBs and the associated behaviour of consumers in Wales
 - the impact the charge has had on businesses in Wales
 - the extent to which the voluntary agreement with retailers has succeeded in encouraging the donation of the net proceeds of the charge to good causes; and
 - the extent to which the charge has reduced littering of SUCBs.

3. Methodology

- 3.1 This review consisted of an economic evaluation, a literature review and the following pieces of primary research:
- a telephone survey with consumers
 - a telephone survey, semi-structured discussions and a focus group with retailers; and
 - semi-structured discussions with suppliers of SUCBs.

4. Economic Evaluation

- 4.1 This Study estimates that the net benefit of the SUCB charge was between £27.9 million and £32.3 million for the period October 2011 to January 2015, with the best estimate of benefits in this period being £30 million overall or an average of £8.8 million per annum. It should be noted that this figure is likely, if anything, to be an underestimate because the calculation is based, in part, on the number of times consumers reported reusing SUCBs and bags for life. The largest category consumers could report was, respectively, 11+ times for SUCBs and 50+ times for bags for life. The calculations assumed 11 and 50 uses when, in practice, consumers are likely to have reused their SUCBs and bags for life, respectively, more than 11 and 50 times.
- 4.2 Through the implementation of the 5 pence charge for SUCBs, additional donations to good causes are estimated to have been between £16.8 million and £21.9 million for the period October 2011 to January 2015. As a result of these donations, it is estimated that on top of the direct value of donations, additional environmental, health and employment benefits have been achieved in Wales equating to between £26.9 million and £35 million for the period October 2011 to January 2015.
- 4.3 This Study estimates that consumers also accumulated benefits through using re-usable bags rather than paying for SUCBs. These benefits are estimated at between £0.5 million and £4.1 million for the period October 2011 to January 2015.
- 4.4 Due to the significant shift in demand away from SUCBs and towards re-usable bag types, this evaluation estimates that environmental benefits of between £0.9 million and £1.3 million were achieved for the period October 2011 to January 2015. The environmental benefits arose from reduced 'externalities' associated with the production of single use bags, including their impact on global warming, air pollution and litter clear-up costs. However, it is likely that the figures presented underestimate the environmental benefits since, for example, no data is available on the changing volume of SUCBs within litter and no 'willingness to pay'¹ studies exist to monetise the true value of a litter-free environment.
- 4.5 An attempt to compare the benefits estimated by this Study with those identified by the Regulatory Impact Assessment (RIA), demonstrates that some of the assumptions made for the RIA have not proven to be

¹ Willingness to pay studies elicit the value consumers place on factors e.g. a clean environment, by asking how much they would be willing to pay to e.g. reduce litter or live in a clean environment.

correct in practice. For example, the RIA assumed an average cost per bag for life of 16 pence, while this Study found that the average price paid by consumers was 28 pence per bag (calculated average of reported bag sales). The RIA looked at the potential impact of the regulation, and estimated that the SUCB charge would produce annual benefits of between £24 million and £38 million per annum while the net benefit as estimated by this Study was between £28 million and £32 million.

5. The Views of Retailers

- 5.1 In a survey of retailers who issued SUCBs to customers, around one-fifth reported that the charge had had a positive impact on their business (22%) compared with 65% who reported a neutral impact and 13% a negative impact. Overall, 74% of retailers who issued SUCBs agreed with the statement: *'we are happy to see the charge continue as it is'*, a further 14% agreed that *'we are happy for the charge to continue, but we would like to see some changes'*, and 9% agreed that *'we would like to see the charge removed'*.
- 5.2 The feedback about the SUCB charge from the retailer focus group was also generally positive, with the consensus being that business costs had gone down as a result of the charge because they had needed to purchase fewer SUCBs.
- 5.3 Retailers also reported spending relatively little time administering the charge during the previous year. Over half of those retailers who issued SUCBs (58%) reported that they had spent zero days administering the charge over the previous year, a further 27% reporting spending one day or less, whilst 5% reported that they had spent more than one day, and (a further 11% were not able to report how much time had been spent administering the charge). On the basis of the findings of the retailer survey, this evaluation estimates the total administrative cost of the SUCB charge to retailers in Wales to be less than £180k per year. This is significantly lower than the £900k per annum anticipated by the RIA.

6. The Views of Consumers

- 6.1 The majority of the consumers surveyed for this Review were supportive of the charge. Consumers were asked whether they supported or opposed the charge: the level of support (respondents reporting that they strongly supported or tended to support the charge) increased from the 61% reported by Exodus2 prior to the introduction

² *Consumer behavioural study on the use and re-use of carrier bags 2012*, prepared by Exodus Research on behalf of Zero Waste Scotland and the Welsh Government (2012).

of the charge, to a finding of 74% for this Review. Consumer support for the charge is also suggested by the self-reported actions of consumers, with 42% reporting that they took fewer SUCBs from shops than before the charge was introduced and 35% indicating that they had stopped taking SUCBs altogether.

- 6.2 The Review found that SUCB use varied by the type of shopping, with 78% of consumers reporting having used a SUCB for their most recent takeaway purchase (65% plastic and 13% paper), compared with 36% for their most recent non-food shop, 29% for a 'top-up' food shop and 17% during their regular supermarket food shop.

7. The Views of Suppliers

- 7.1 Respondents to the survey of retailers were asked to name their SUCB supplier(s). Five of the top 10 reported suppliers of SUCBs were contacted for detailed qualitative feedback on the impact of the charge. These suppliers included manufacturers, distributors and wholesalers based in Wales. Suppliers reported that they had experienced a negative impact on their business, with reports of a decline in overall sales and a need to diversify their business.

8. Good Causes

- 8.1 At the point of writing, there was no statutory duty on retailers to donate the money from SUCBs to good causes, but a voluntary agreement had been developed by Welsh Government that retailers could sign up to. This voluntary agreement set out the following principles:
- 8.2 The net proceeds should be donated to good causes, which where possible will benefit Wales.
- 8.3 The net proceeds should provide additional support to good causes over and above any existing arrangements.
- 8.4 Where retailers have more than 10 full-time employees, either a copy of or a link to, their record should be provided to the Welsh Government when published for monitoring purposes. Where retailers have fewer than 10 full-time employees, a statement should be made including the name of the good cause(s) to which the money has been donated.³
- 8.5 Overall, 78% of those retailers who charged for their bags reported that they donated all of the net proceeds to good causes; a further 9% reported that they donated a proportion and 6% said they didn't know how much was donated. The remainder either reported that they did

³ www.carrierbagchargewales.gov.uk

not donate the proceeds to good causes (7%) or refused to answer the question (1%).

- 8.6 When consumers were asked what they thought happened to the proceeds from the charge, 50% of those surveyed reported that retailers donated the money from the charge to good causes, 36% said they didn't know what happened to the proceeds and the remaining respondents reported a range of incorrect answers, including that proceeds were paid to the Welsh Government (7%), that retailers kept the proceeds themselves (6%), and that proceeds were paid to the local authority (2%). This highlights that there was some confusion with regards to the use to which the proceeds of the charge were put.
- 8.7 The literature review found that SUCB charges levied in other countries tended to have greater public acceptance and popularity when the public were aware that the proceeds went to good causes. Since this Study found that only an estimated 50% of consumers in Wales were aware that the proceeds of the charge were donated to good causes, the evidence suggests that the charge might achieve more acceptance and popularity if a greater proportion of the public understood what happened to the proceeds.

9. Litter

- 9.1 This study used both consumer and retailer surveys to assess the impact of the charge on littering. The majority of those retailers, who issued SUCBs to customers (78%), reported no change to the amount of litter 'around their premises'. However, when asked about the extent to which they agreed with a set of attitudinal statements, 59% of retailers agreed that 'the charge has helped to reduce litter'. The disparity between these two findings may reflect the difference in the wording of the two questions, with the former explicitly limited to retailers' own premises and the latter potentially interpreted to relate to a wider area. Overall, 66% of consumers agreed with the statement 'the charge has helped to reduce littering in my local authority area'.

10. SUCB Purchases

- 10.1 The RIA estimated that over a 15-year period the implementation of the 5 pence charging scheme could lead to a reduction in SUCB use by an estimated 59% relative to the baseline level of 445 million SUCBs per annum estimated by the RIA for 2008, with a corresponding 170% increase in demand for bags for life. This review estimates a 57% reduction in use of all bags (SUCBs plus 'bags for life') and a 70% decline in use of SUCBs between 2011 and 2014. Work undertaken by the Waste and Resources Action Programme (WRAP) for supermarkets in Wales, estimated a 78% decline in SUCB

purchases between 2010 and 2014. The difference between the estimates derived from this Study and the WRAP surveys is likely to reflect the inclusion of non-supermarket retailers in this Study.

11. Recommendations

11.1 The authors of this Review recommend that the following issues could be targeted by Welsh Government to further improve understanding of the impacts of the existing charge and ensure its continued effectiveness:

- Consider further research in relation to the environmental impact of the charge on litter, as well as the impact on suppliers of SUCBs in Wales, both of which have been identified to have limited available data.
- Encourage consumers to take re-usable bags along when doing non-food shopping and collecting takeaways.
- Encourage consumers to report instances where they are not charged as the consumer survey highlighted instances of consumers not being charged for SUCBs at some types of shop.
- Promote awareness of the charge among staff working in the types of shops where consumers reported they had not been charged e.g. corner shops, local greengrocers, butchers, fishmongers, clothing or shoe shops and takeaways, and target enforcement in those shop types.
- Welsh Government should continue to monitor levels of bag usage, because the WRAP supermarket bag usage data gives a provisional indication that SUCB use may have begun increasing again in Wales. If further research conclusively demonstrates that SUCB use is increasing, the Welsh Government may wish to consider increasing the charge.

Report Authors:

Jamie Warmington, Dr Nia Owen and Brian Mayne, Ricardo

Phil Downing, Icaro

Dr Mike Holland, EMRC

Professor Wouter Poortinga and Dr Lorraine Whitmarsh, Cardiff University

Full Research Report: 'Post-Implementation Review of the Single Use Carrier Bag Charge in Wales'

Available at: <http://gov.wales/statistics-and-research/?lang=en>

Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

For further information please contact:

Environmental Quality and Regulation Branch

Economy, Skills and Natural Resources Group

Welsh Government, Cathays Park

Cardiff, CF10 3NQ

Email: LEQ@wales.gsi.gov.uk

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