

Consultation on reforming the UK Packaging Producer Responsibility System (Extended Producer Responsibility or EPR Reform)

Valpak member summary document

In December 2018 Defra published “Our Waste, Our Resources: A Strategy for England”. Within this strategy document were a number of commitments to consult on fundamentally changing the operation of the packaging waste system in the UK, including reforming the UK Packaging Waste Regulations, introducing a Deposit Return Scheme (DRS) for beverage containers and legislating for Local Authorities to collect a consistent set of recyclable materials. These consultations interact with each and therefore Government proposed to conduct them at the same time. Whilst the strategy document related only to England, a number of these commitments relate not only to Defra but also Welsh Government, Scottish Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland.

Also in 2018 Autumn Budget it was announced that there would be a consultation on the introduction of a tax on plastic packaging which with less than 30% (<30%) recycled content. Due to the way this consultation would interact with the other packaging waste consultations it was decided these would be consulted on at the same time.

The following consultations were published on 18 February 2019 (deadline for response shown in brackets):

- [Consultation on reforming the UK Packaging producer responsibility system](#) (13 May 2019)
 - Geographical scope: England, Scotland, Wales and Northern Ireland
- [Plastic Packaging Tax](#) (12 May 2019)
 - There is also [Plastic Packaging Tax \(high-level consultation\)](#) (12 May 2019)
 - Geographical scope: UK-wide
- [Introducing a Deposit Return Scheme \(DRS\) in England, Wales and Northern Ireland](#) (13 May 2019)
 - Geographical scope: England, Wales, Northern Ireland (although also seeks UK-wide approach)
- [Consultation on Consistency in Household and Business Recycling Collections in England](#) (13 May 2019)
 - Geographical scope: England

The consultations will have a significant impact on the way the UK packaging system operates, and will impact on your packaging obligation and costs. We would therefore encourage all members to engage with the consultation process. If you have any questions relating to any of the consultations, please contact Hannah Woodrose at Hannah.woodrose@valpak.co.uk or via telephone on 03450 682572.

This summary document specifically focuses on the consultation in reforming the UK packaging producer responsibility system (referred to as EPR Reform).

Details

The Government has put forward a number of key principles and outcomes which underpin the EPR Reform proposals, which are summarised below:

- The policy should be **clear and coherent**, with clear roles, responsibilities, outcomes and targets, and work coherently with other policies, including wider waste policy

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- EPR Reform should **encourage design for recyclability** by either varying fees based on set recyclability criteria (known as modulated fees), or by incentivising recycling via deposit and refund model
- Costs and fees to the producer should **implement the “polluter pays” principle**, with producers paying fair costs for the **full net costs (FNC)** for end-of-life of the packaging they place on the market
- The system should **minimise the risk of waste crime** and **ensure compliance** of all parties within the system
- It should be **easy for consumers to do the right thing**, with clear and consistent labelling of what can, and cannot, be recycled

The consultation seeks initial views on several different aspects of a reformed packaging waste system. Government intends to conduct a second consultation on further details in early 2020. Figure 1 shows the proposed timeline for EPR Reform.

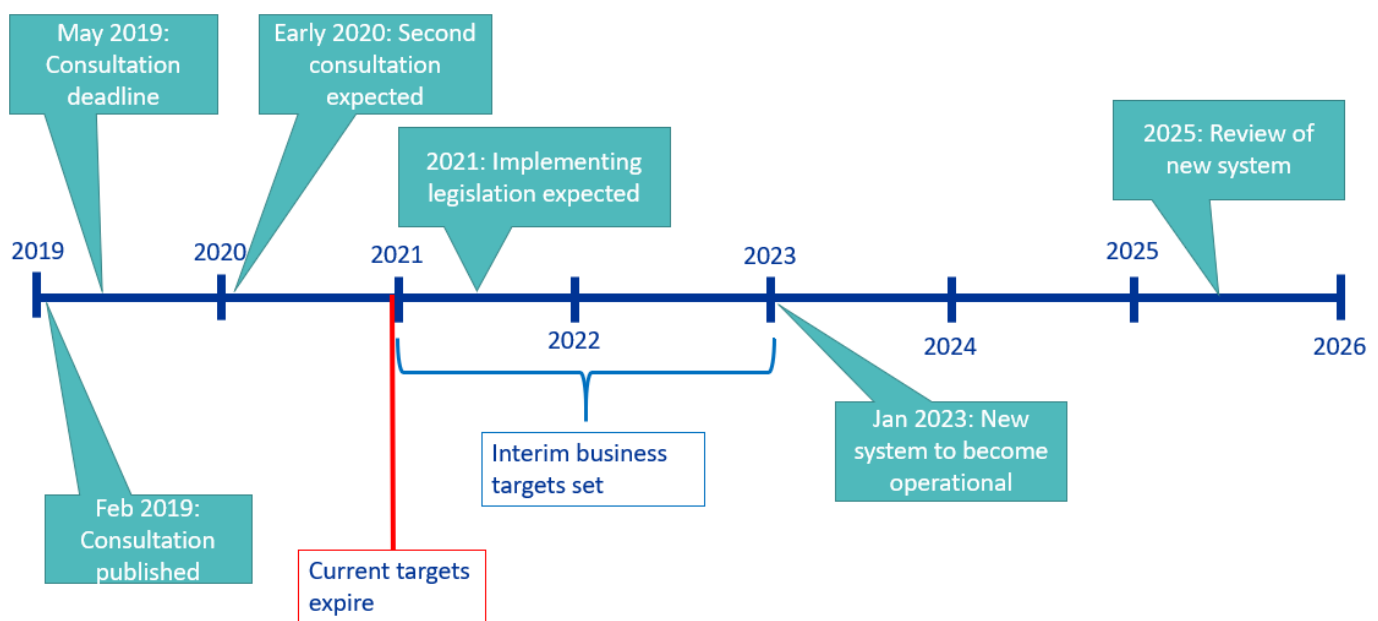


Figure 1: EPR Reform timeline

Targets

Government has confirmed that they propose the European Union Circular Economy Package (CEP) amended recycling targets to be the minimum standard they wish to achieve. Current business targets are set in legislation until 2020, and the new system is envisaged to being operational from January 2023. Government has therefore proposed the following targets:

- Overall targets for 2025 and 2030, in line with CEP
- Interim business targets for 2021

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Due to the difference in business and national targets (due to obligated businesses being responsible for a higher percentage target to allow for de minimis producers) we have included equivalent national targets for 2019 - 2022 in brackets in table 1 below:

Material	Current targets*		Proposed targets*		Proposed national targets	
	2019	2020	2021	2022	2025	2030
Paper & card	73% (58%)	75% (59%)	79% (62%)	83% (66%)	82%	85%
Glass [re-melt]	79% [67%] (68%)	80% [67%] (69%)	84% [68%] (72%)	87% [68%] (75%)	70%	75%
Aluminium	61% (60%)	64% (63%)	66% (65%)	69% (68%)	55%	60%
Steel	82% (74%)	85% (77%)	88% (80%)	90% (82%)	75%	80%
Plastic	55% (46%)	57% (47%)	61% (51%)	65% (54%)	50%	55%
Wood	43% (40%)	48% (44%)	35% (32%)	35% (32%)	30%	30%
Total Packaging Recycling	74.5%	75.4%	76.1%	76.8%	66%	70%

Table 1: Current, proposed interim 2021 and 2022 and proposed 2025 and 2030 packaging targets. Current and proposed interim targets are shown as business targets with equivalent national targets shown in brackets “()” for ease of comparison. 2025 and 2030 are shown as national targets to be met.

As can be seen, for a number of materials the interim 2022 targets would mean the UK would exceed the 2025 national targets.

NB: As well as targets at UK level, individual nation (i.e. England, Scotland, Wales and Northern Ireland) targets may apply. Producers will be required to report their placed on the market data by individual nation.

Producers

There are several aspects in the consultation which consider how producers should be defined.

Single point of compliance or retain shared responsibility?

The Government preferred option is to move to a single point of compliance. It is proposed that this could either be:

- Brand owner: like to be the first point of sale (so the importer or pack/filler). Sellers would still be required to report (by nation) but would not pay fees. Manufacturers and converters would continue to be obligated for Commercial & Industrial packaging (see definition of packaging section below). For small producers there could either be a lower de minimis or wholesalers could take the obligation for packaging sold to a small producer
- Seller: This would be measured at the point of sale to the end user. As above, reporting would be completed by nation

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Alternatively the system could retain shared responsibility and either lower or remove the de minimis (to bring more companies into scope) or could move the responsibility for packaging sold to non-obligated companies to the wholesaler.

Small Producers

As outlined above, the consultation considers how to apply the polluter pays principle to ensure all producers are paying into the system without over-burdening smaller producers. It is suggested that small producers could either pay flat fee for their role in the system or alternatively could amend the allocation method if the thresholds are reduced.

Distance sellers

Proposes a new type of producer to be introduced to obligate online market places for packaging the online market sellers facilitate to place packaging onto the market.

Definition of Packaging

It is proposed to move away from the current primary, secondary and tertiary classifications. Full Net Costs (see below) would apply to HH and HH-like (also referred to as Non-Household Municipal, or NHM) packaging. FNC would not apply to commercial and industrial (C&I) packaging.

Current	New
Primary, secondary, tertiary or transit	<ul style="list-style-type: none">• HH and delivery (consumer-facing)• HH-like (similar packaging waste, but arising at businesses e.g. office, restaurants etc.) (consumer-facing)• C&I (distribution and transit – B2B)
Composites – currently assessed on predominate material by weight	<ul style="list-style-type: none">• Composites – fee structures likely to take into account breakdown of materials / proportion that can be recycled
Does not include “packaging-type” items	<ul style="list-style-type: none">• Possible inclusion of e.g. jiffy bags, tin foil, cling film, sandwich bags

Full Net Costs (FNC) and Modulated Fees

Producers of packaging will be required to fund the FNC of end-of-(current)life activities for HH and NHM packaging. The full net costs of would be required to cover:

- Collection, sorting, recycling or disposal
- Litter clean up
- Communications about litter reduction and recycling awareness (UK-wide and individually for England, Scotland, Wales and Northern Ireland)

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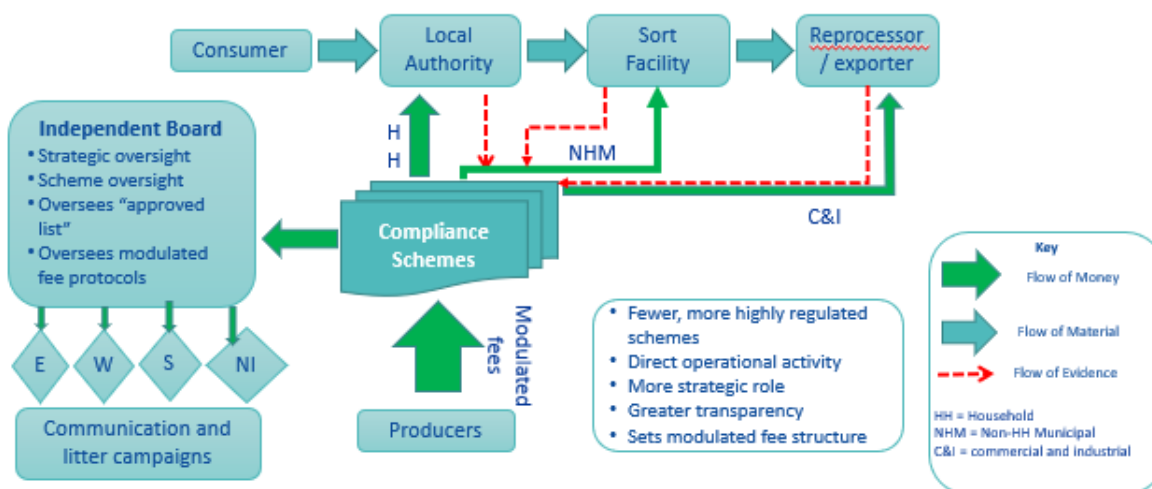
- Funding an improved packaging data system
- Increased costs of compliance monitoring and enforcement

Fees to be paid would be modulated depending on the recyclability of the product. This is to encourage design of packaging to take into account resource efficiency and waste management at the start of life. There would be a set “approved list” of recyclable materials (which would be consistent with the materials which Local Authorities and Waste Management Companies would be obligated to collect – see consultation on “Consistent Collections”).

Governance Models

There are 4 proposed models to the system. Summary diagrams of how the four models may operate are provided below. The Government does not express a preference at this stage and is seeking views on the alternatives. The Governance models are out of scope of the Impact Assessment.

Model 1 – Enhanced near-to-business as usual – compliance schemes



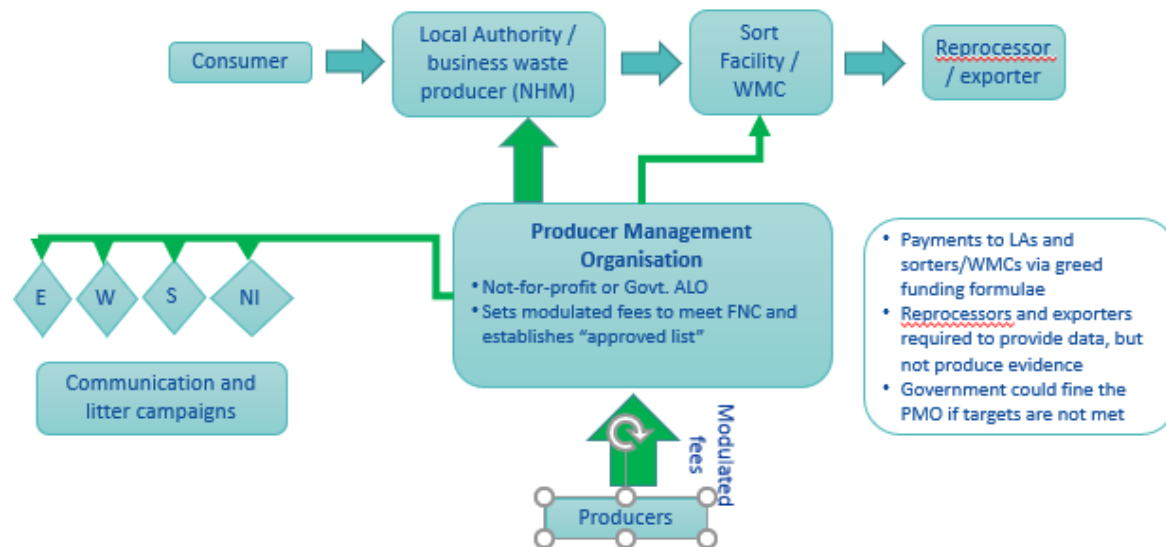
Model 1:

- Producers would be able to join one of a number of completing compliance schemes (direct registration would no longer be an option)
- The compliance schemes would take on the legal responsibility of producers packaging waste obligations, contracting with Local Authorities and sorting facilities to ensure FNC are met for HH and NHM packaging waste, and with reprocessors and exporters to ensure C&I obligations are met
- A proportion of producer’s fund would go to the Independent Board which would organize local and national communications campaigns for recycling and litter awareness

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Model 2 – Single not-for-profit management organisation



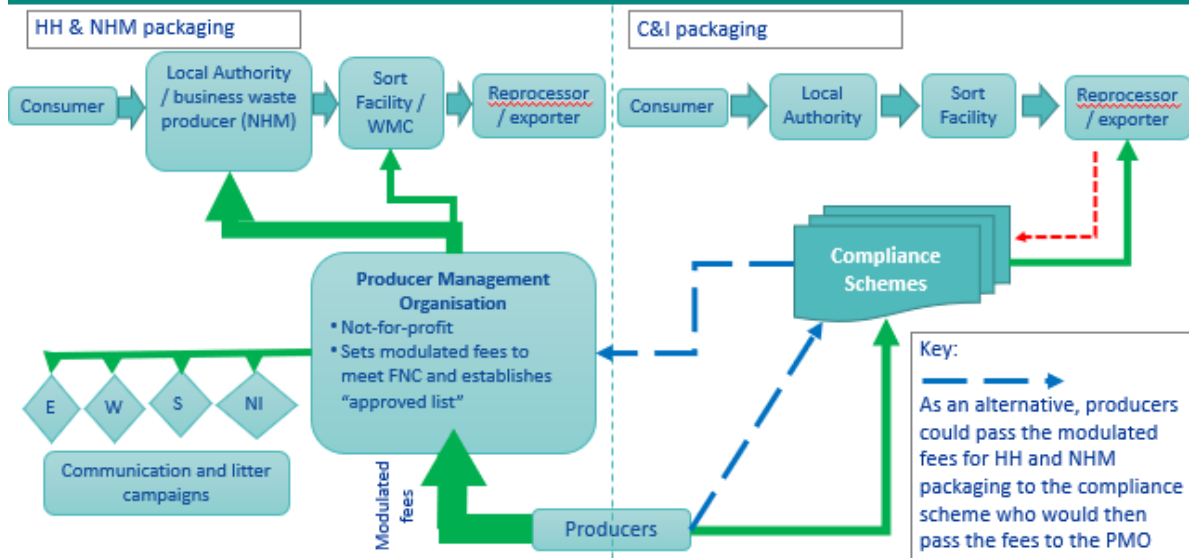
Model 2

- Producers would need to join a single, not-for-profit Producer Management Organisation (PMO)
- Meeting the recycling targets and other Government-led strategic outcomes would be the responsibility of the PMO
- Reprocessors / exporters would not be required to issue evidence and therefore would not need to be accredited, however would be required to report all tonnages recycled

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Model 3 – Separate scheme for HH / NHM packaging and C&I packaging

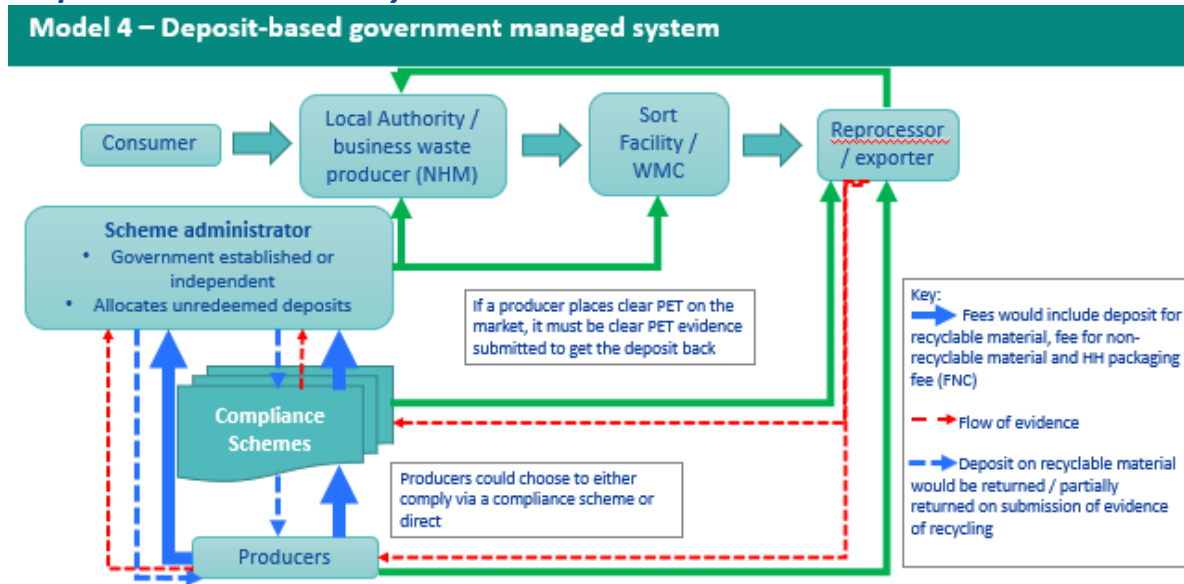


Model 3

- This model essentially merges models 1 and 2, therefore HH and NHM packaging waste would be the responsibility of a PMO, and C&I packaging waste would be the responsibility of compliance schemes
- Producers would have the choice to pay their fees for HH and NHM placed on the market via a compliance scheme, which would pass on the fees to the PMO
- As with the first 2 models, some funds would be apportioned to national and local recycling and litter awareness campaigns

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Model 4

- Model 4 works on a principle that producers would pay to the Government:
 - An up-front deposit fee on recyclable material which could be credited if the producer could show that an equivalent amount of material had been recycled
 - A non-refundable fee on any non-recyclable material placed on the market
 - A producer fee which would ensure FNC
- It is expected the reprocessors and exporters would pass any funds from recycling evidence back along the supply chain
- Producers could choose to either comply directly with the scheme administrator or via a compliance scheme
- The evidence would be split by format, so if clear PET is placed on the market, evidence would need to be gained for clear PET recycling equivalent.

Last updated February 2019

This guidance document contains information in summary form and is intended as general guidance only. The document does not constitute legal or professional advice on any individual situations and so must not be relied on for decision making purposes. If you wish to discuss any aspect of the content of this document please talk to your usual Valpak contact.