

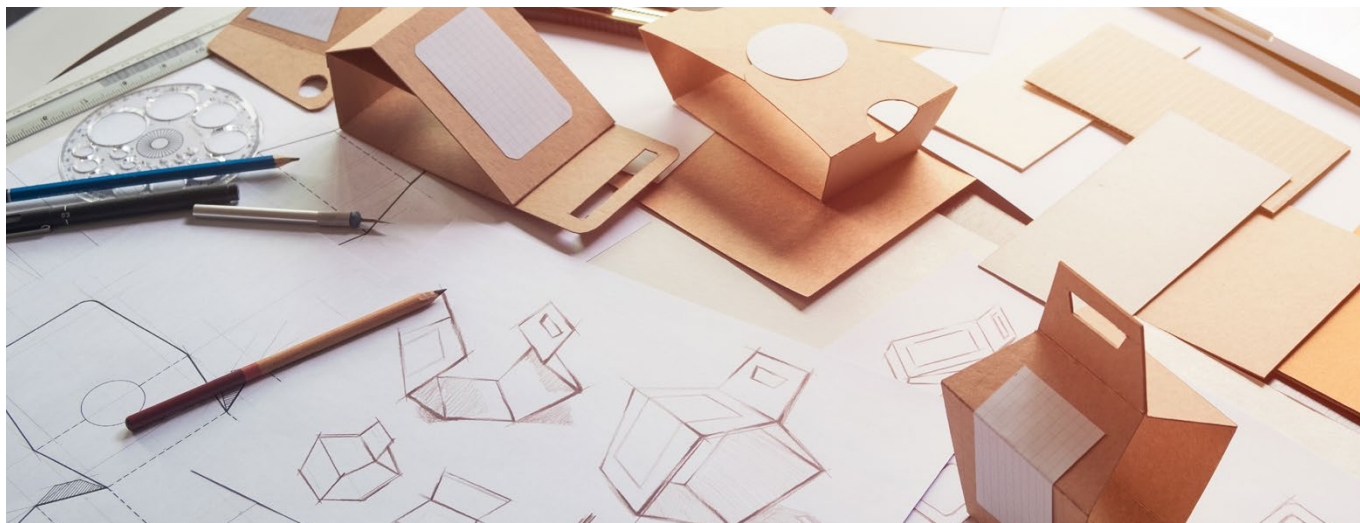
Extended Producer Responsibility

for packaging



An introduction.

Extended Producer Responsibility (EPR) is a new piece of UK legislation, which will come into force in 2024. It is a major reform to the existing UK Packaging Waste Regulations.



Summary

Upcoming reforms to the UK's Packaging Waste Regulations will introduce unprecedented financial and administrative reporting burdens for packaging producers. The changes are set to increase the amount contributed by obligated producers into the UK's producer responsibility system for packaging waste. Costs are expected to rise from ~£500m in 2022 to ~£1.7bn a year from 2025.

Those businesses which prepare for change now will respond more robustly to the challenges ahead.

Why is the government reforming the Packaging Waste Regulations?

The 1997 UK Packaging Waste Regulations were introduced to stimulate recycling. Since the arrival of the legislation 27 years ago, packaging waste recycling has risen to around 60%, far beyond what seemed possible when we started on our journey.

The Packaging Waste Recovery (PRN) system has been a success story, leading to the achievement of national recycling targets each year. However, the world we live in is very different today. Globally, we have become more aware of the environmental damage caused by the incorrect disposal of packaging waste – especially the impact of plastic waste.

Government and industry, along with members of the public, are eager to address this situation.

The first step is to ensure that greater quantities of recyclable waste are reprocessed into valuable, high-quality secondary resources.

While the existing regulations, based on the trading of Packaging Waste Recovery Notes (PRNs), have made it economically viable for recyclers to achieve national recycling targets, PRN funding represents only 7% of the total costs associated with the post-consumer management of packaging waste in the UK.

In common with many of our European neighbours, the UK government has chosen to place greater responsibility on packaging producers for the costs associated with the end-of-life management of the goods they sell. The aim is to encourage greater engagement in the lifecycle of packaging products – from design to recycling. Practically, it means that packaging producers will be charged with covering the net cost of collecting and sorting household packaging waste, as well as contributing to the cost of recycling every type of packaging waste that the UK produces.

Affected businesses

Whilst changes to the Packaging Waste Regulations will increase costs for the entire packaging supply chain, only certain businesses will be directly financially obligated.

Under the current PRN producer responsibility system, financial responsibility for packaging recycling is spread across the supply chain - a concept known as 'shared producer responsibility'. The new Extended Producer Responsibility (EPR)-based system will scrap this shared mechanism and, instead, directly financially obligate one business in the packaging supply chain to contribute towards the costs associated with managing packaging waste.

In addition to being required to purchase PRNs, EPR will require a new set of producers placing packaged products onto the UK market to fund 100% of the net costs associated with collecting household packaging waste.

Producers will also be required to fund local authority provision for on-the-go street bins, as well as the costs to government of delivering new national recycling advertising campaigns.

Online marketplaces will take on responsibility for full net cost recovery for all filled packaging sold to UK consumers by non UK based businesses selling through their sites. Businesses that hire or lend out reusable packaging are obligated the first time that packaging is placed onto the UK market. Brand owners whose branded packaging, importers of non-UK branded packaging, and fillers of unbranded packaging will also be obligated.

The government will retain the current £2 million turnover and 50 tonnes of packaging handled de minimis exemption thresholds. A financial obligation may also be placed on obligated businesses which currently supply unfilled packaging to smaller businesses which are below the de minimis threshold.

However, reforms will require producers with a turnover of over £1m and those which handle over 25t of packaging to report their packaging data to the government each year, starting in 2024.



New labelling requirements

From 1 April 2026, all consumer facing primary and shipment packaging (except for flexible films) will need to display a binary recyclability label declaring either “recycle” or “do not recycle”.

The Recycle Now loop has been licensed for use in meeting this requirement by Defra, and so liable producers can use the label. From 1 April 2027, flexible films will also have this requirement.

Whether a packaging item can be labelled with the recycle instruction will relate to the successful roll out of consistent collection for household recycling. For now, compostable and biodegradable plastic packaging will have to be labelled with the “do not recycle” instruction. Similarly, flexible films will have to be labelled as “do not recycle” unless the infrastructure required is set up to handle them at kerbside. The labelling requirements will apply to consumer and delivery packaging.

Government will release further guidance, closer to the requirement coming into force, detailing specific wording requirements, where liability will rest in specific scenarios etc.



Cost implications

EPR reforms will see financial contributions made by industry far exceed those made under the current PRN system.

In 2022, packaging producers paid an estimated £500 million into the system. In contrast, estimates place the cost burden for the first year of full operation of the new packaging waste EPR system at £1.7 billion.

Further costs will apply to individual businesses if they also incur an obligation under the proposed Deposit Return Scheme (DRS) for drinks containers, or costs related to the Plastic Packaging Tax.

Cost mitigation

With the arrival of such a huge increase in the price of compliance, businesses will, understandably, be looking for ways to lessen the blow. Packaging design holds the key.

Under the new system, actual costs will vary depending on the recyclability of packaging placed onto the market. Packaging fee modulation will see the bills (or share of overall system costs) increase for those packaging products which are difficult to recycle, while brands and manufacturers that use more easily recycled packaging will benefit from reduced fees from 2026, based on 2025 sales.

The message here is simple – fee modulation is intended to act as a catalyst for packaging design changes. It will encourage greater recyclability and reward those businesses which embrace positive change.



Data and reporting requirements

If businesses are to respond positively to modulated fees and make informed choices around recyclability, we need greater depth of reporting.

Under our current system, producers report in very broad terms. Products are categorised into seven bands – plastic, paper, glass, aluminium, steel, wood and ‘other’ – and packaging producers report on the volume of each material placed onto the market. While the groupings provide the information needed to assess progress on recycling targets, they do not reflect recyclability or compatibility with waste collection infrastructure in the UK.

Under the reformed EPR system, brand owners, importers and online marketplaces, as well as sellers and distributors, will be required to report packaging placed on the market in far greater detail. For example, plastic packaging may need to be reported by format, colour or polymer.

This information will be used to reward or penalise individual products.

To benefit from the new modulated system, producers need to start collecting data now. For brands and manufacturers with thousands of product lines, this is no mean feat – some products, such as cosmetics and electrical packaging, include a complex range of materials, and each item must be recorded separately. Even simple items such as fruit packaging may include multiple elements such as inserts and labels.

Access to detailed packaging data will make it easier for businesses to identify problematic materials and effectively make changes. Valpak already hosts the largest database of product and packaging weights in the UK, with 33 million SKUs, and we use this information to help our members. Our industry-leading packaging data solutions inform decisions and drive change across packaging product lines.



Valpak support.

Since 2004, Valpak has helped over 500 companies to reduce the burden of environmental reporting. We are currently working with businesses to forecast the financial implications that EPR and other reforms could bring.



Over the years, we have developed the UK's largest database of product and packaging information, and our online Insights Platform and Product Data Hub have been designed to streamline and simplify data reporting.

Levels of readiness for EPR vary enormously. The first step for any business preparing to become EPR-ready is to work out the potential impact on its costs and circumstances.



Valpak can offer:

- Consulting sessions to review your data capture methods and ensure that they meet future requirements
- Data collection and improved supplier engagement
- Transparency and advanced reporting tools
- Detailed cost modelling at product level

For more
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