

Summary of responses to consultation on reforming the UK Packaging Producer Responsibility System

Valpak member summary document

In February 2019 Defra published three consultations which would fundamentally change the packaging system within the UK. At the same time, HM Treasury also published a related consultation regarding the introduction of a tax on plastic packaging which did not meet a minimum 30% recycled content. The consultations, and their geographical scopes, were:

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

The consultations included a number of proposals which will have a significant impact on the way the UK packaging system operates, and which will impact on your packaging obligations and costs.

All four consultations were open for responses until mid-May 2019 (12 week consulting period). Government have now published summaries of responses to the consultations (which can be found by following the links above), along with next steps.

An overview of some of the main points for each of the four consultations is included below (with some key points in **bold**). A second phase of consultation is expected for all four consultations; Valpak will keep their customers informed of further developments. It is expected that primary legislation required for the consultations will be included in the forthcoming Environment Bill (expected October).

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Consultation on reforming the UK Packaging producer responsibility system

Following consultation Government intend to proceed with proposals for Extended Producer Responsibility (EPR) reform for the UK packaging system, with an envisaged implementation date of 2023. A number of Government-commissioned research projects will also feed into the next, more detailed, stage of the consultation process which is expected in 2020.

Proposal Aspect	Brief description of proposal	Effect on producers	Summary of responses outcome / government response
Producer point of compliance	<p>Options proposed were:</p> <ul style="list-style-type: none"> • Single point of compliance (Government preferred option) <ul style="list-style-type: none"> ○ Brand Owner (first point of sale) ○ Retailer • Maintain shared responsibility 	<ul style="list-style-type: none"> • This will affect the number of producers obligated within the system • If costs increase as estimated, a smaller number of companies would mean a higher cost to those obligated (and visa versa) • You may no longer be obligated (although costs are likely to impact along the supply chain) 	<ul style="list-style-type: none"> • Majority of respondents preferred a single point of compliance (59%), with 54% opting for brand owner. • However, responses from current producers (manufacturers/pack fillers and retails) tended to prefer shared responsibility. • Government to perform further analysis on the number of companies this would affect in each scenario
De minimis	<ul style="list-style-type: none"> • Options presented on whether to remove or lower the de minimis threshold (currently 50tonnes of packaging onto the market and annual turnover of >£2million) 	<ul style="list-style-type: none"> • This will affect the number of producers obligated within the system, which may affect cost distribution • Some companies will become newly obligated 	<ul style="list-style-type: none"> • No clear consensus between respondents • Government to perform further analysis on the number of companies this would affect in each scenario

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Definitions of packaging	<p>Move from the current definitions of packaging (e.g. primary, secondary, tertiary) to:</p> <ul style="list-style-type: none"> Household (HH), including home delivery packaging HH-like (anything which could be HH but arises in businesses) Commercial and industrial (C&I) (generally business to business only packaging) 	<ul style="list-style-type: none"> Full Net Costs (FNC) are proposed to apply to HH and HH-like packaging It is therefore extremely important that these definitions correctly identify packaging and are used consistently 	<ul style="list-style-type: none"> There was no consensus in how respondents currently define packaging 74% of respondents agreed that producers should fund FNC of HH and HH-like packaging collections 60% of respondents agreed that C&I should be out of scope of FNC requirements, and should continue to be financed by businesses as per the current arrangements
Definitions of packaging	<ul style="list-style-type: none"> Include products not currently included as packaging e.g. jiffy bags, household foil, sandwich bags, clingfilm 	<ul style="list-style-type: none"> Additional products may fall into scope and collect an obligation 	<ul style="list-style-type: none"> 69% of respondents agreed to more items being included in the packaging EPR system Government to conduct further analysis of the effects of adding new packaging items
Fees: Full Net Costs	<ul style="list-style-type: none"> Producers to cover the full costs of collection, sorting, treatment and disposal, along with litter and fly-tipping clean up costs, costs of providing consumer information and data management costs 	<ul style="list-style-type: none"> Based on estimates included within the Governments Impact Assessment, costs to producers could increase by up to ~10 times 	<ul style="list-style-type: none"> 56% of respondents agreed with the definition of FNC 28% of respondents believed the definition went beyond the polluter pays principle, mainly due to unclear costs to be included for litter and fly-tipping clean up Government likely to continue with proposed definition, but further analysis of litter and fly-tipping to be conducted

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Fees: Modulated Fees or deposit-based system	<ul style="list-style-type: none"> This refers to the system by which producers pay different rates depending on how recyclable their packaging is The two options are a modulated system or deposit system 	<ul style="list-style-type: none"> Producers may pay higher costs if the packaging they place on the market is not considered recyclable 	<ul style="list-style-type: none"> Government has commissioned a research project to assess in greater detail how each system would work
Governance model	<p>Four governance models were proposed:</p> <ol style="list-style-type: none"> Competitive compliance schemes Single Management Organisation Combination of the two above (single body for HH and HH-like, competitive schemes for C&I) Deposit-based system 	<ul style="list-style-type: none"> Effects how producers interact with the system Likely to affect longer-term costs May affect choice for producers May affect how funding flows through the system 	<ul style="list-style-type: none"> The majority of respondents supported models 1 or 2 (27% and 43% respectively) The 256 respondents which favoured model 2 were “dominated” by local government and third sector organisations Most of the 160 respondents which preferred model 1 were “business representative organisations, ‘other’ organisations, distributors, reprocessors and waste management companies A number of companies referenced “hybrid models”, taking elements from 2 or more models 35 respondents referenced Valpak’s PackFlow Hybrid Model Government to take forward more analysis of a single scheme administrator (model 2) and competitive compliance scheme model (model 1). Hybrid models will also be considered as part of this discussion

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Targets	<ul style="list-style-type: none"> Interim targets proposed for 2021 and 2022 2025 and 2030 targets proposed 	<ul style="list-style-type: none"> Interim targets will affect your obligation under the current system in 2021 and 2022 2025 and 2030 targets show the ambitions of UK Government and what producers will need to achieve in future 	<ul style="list-style-type: none"> No clear consensus on 2021 and 2022 interim targets Responses have raised different concerns for each material Opinion was divided on 2025 and 2030 targets 58% of respondents believe a proportion of the targets should be met by “closed loop” recycling, with 52% believing composite packaging formats should have specific targets Government to assess targets in more detail Separate fibre-based composite target appears likely
Labelling and communication	<ul style="list-style-type: none"> Introduction of a mandatory labelling system whereby packaging is either ‘recyclable’ or ‘not recyclable’ Producers to pay for national and local communication programmes 	<ul style="list-style-type: none"> Producers will need to be aware of how to label their products to give clear instructions to consumers Costs of communication programmes will fall to producers Nationally managed communication programmes should increase recycling levels 	<ul style="list-style-type: none"> Strong support for a recyclable / not recyclable labelling system (90%) OPRL cited as a possible basis for such a system Further research commissioned, and legalities to be explored Strong support for this, 88% and 90% respondents thought producer fees should fund “service-related communications” from Local Authorities and national communications, respectively

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Deposit Return Scheme (DRS) for beverage containers

There were a large number of responses to this consultation (208,269). Government has confirmed that it plans to continue with proposal to implement a DRS in England and Wales, but that this will be subject to further research and analysis, from 2023. In particular, further analysis needs to be completed on the possible effects on the Welsh kerbside collection system. In Northern Ireland, they plan to continue to work with Defra's timetable, however the implementation will be under review by the Department of Agriculture, Environment and Rural Affairs as there is not currently a Northern Ireland Executive. A second consultation is expected in 2020, which will include draft secondary legislation.

NB: Scotland have recently announced plans for a Scottish DRS which, based on current possible timeframes, may be operational by 2021. More information can be found [here](#) and [here](#).

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Who will be obligated to pay the producer fee?	<ul style="list-style-type: none">Definition was "...those who are placing on the market drink beverage products in drinks containers within scope of the DRS. This would include those who import drink beverage containers..."	<ul style="list-style-type: none">If a DRS is introduced, brand-owners and importers would be liable for the producer fee and costs of a DRS	<ul style="list-style-type: none">61% of respondents agreed with the definition of a producer47% of respondents believed there should not be a de minimis levelDefra to use this definition and check it aligns with any changes in EPR

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What will be in scope?	<ul style="list-style-type: none"> Number of material, types of drink and format types explored, along with possible exceptions 	<ul style="list-style-type: none"> You would be in scope if you placed onto the market any of the beverage types and containers decided to be in scope 	<ul style="list-style-type: none"> Strong support for PET, HDPE, metal cans and glass bottles to be in scope Government to complete further analysis regarding container size, but considering anything <3litres Government to continue analysis for any exemptions, especially milk-based drinks and Tetrapak-type containers and cartons where there was less, but still an overall majority, support for inclusion
Model option	<ul style="list-style-type: none"> Two options proposed <ol style="list-style-type: none"> 'all-in' with all sizes of containers included 'on-the-go' to include any containers <750mls 	<ul style="list-style-type: none"> The model chosen may also affect the number of reverse vending machines needed, which producers are in scope and the likely impact on kerbside collection 	<ul style="list-style-type: none"> 32% of respondents felt that in an all-in DRS 3l should be the cut-off point 59% of respondents preferred an 'all-in' system Appears likely Government will go with 'all-in' model if a DRS is introduced
Economic analysis	<ul style="list-style-type: none"> The original proposals included an Economic Impact Assessment 	<ul style="list-style-type: none"> The Impact Assessment takes the economics of the model to show if the Net Present Value is beneficial in the longer-term 	<ul style="list-style-type: none"> Government are undertaking a number of further areas of research and analysis, including: <ul style="list-style-type: none"> The effects of litter on well-being How a DRS would interact with the Welsh kerbside system Further economic analysis Consumer behaviour and preference research How a DRS would interact with the kerbside system

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Return points – de minimis	<ul style="list-style-type: none"> If retailers under a certain size should be exempt from hosting a return point 	<ul style="list-style-type: none"> Retailers may need to host a return point which may take up space and/or resources 	<ul style="list-style-type: none"> Approximately a third of respondents felt there should be a de minimis level, with 42% stating there shouldn't Government to continue research in this area to ensure there are enough return points if there is a DRS
Costs	<ul style="list-style-type: none"> Full Net Cost (see EPR Reform above) to be covered Set up costs (including reverse vending machines and sorting centres) Cost of Deposit Management Organisation 	<ul style="list-style-type: none"> The costs covered by producers would directly affect how much the producer pays 	<ul style="list-style-type: none"> Strong support for producers to fund both set up and operational costs of the DRS Strong support (68%) for unredeemed deposits to be used to part fund the system Defra to continue to consider how the system will be financed and operated

Plastic Packaging Tax

The planned date for implementation of the proposed tax on plastic packaging (minimum recycled content) is still April 2022, with the next steps expected to be announced in Budget 2019, and a second consultation in 2020. The summary of responses therefore does not provide a lot more detail than had previously been known.

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Who would the tax apply to?	<ul style="list-style-type: none"> • Packaging manufacturers and converters <ul style="list-style-type: none"> ○ Where sold or supplied in single process ○ Where multiple processes either where packaging sold / supplied or where sold / supplied for pack/fill • Initial view that packaging which is imported and already pack/filled would not be covered 	<ul style="list-style-type: none"> • To define which producers are obligated • May create an uneven playing field 	<ul style="list-style-type: none"> • Government to consider the options, although general support for point of production. Views mixed at what point this should apply. General support for joint and several liability • Generally respondents did not support excluding imports from the scope of the tax. Government “...will consider carefully the arguments made for inclusion.”
Level of tax	<ul style="list-style-type: none"> • To be determined • Proposed to be per tonne fee • 30% recycled content threshold proposed 	<ul style="list-style-type: none"> • How much would be charged and how • How much recycled content is required 	<ul style="list-style-type: none"> • Level to be set to ensure use of recycled content incentivised • General support for a flat per tonne fee, but alternatives to still be considered • Government to continue to review the levels of the tax, particularly where evidence was presented that the threshold may be difficult to reach for some packaging applications
Definitions	<ul style="list-style-type: none"> • Plastic • Packaging • Recycled content - Use of existing ISO standard 14021:2016 	<ul style="list-style-type: none"> • Which packaging would be in scope of the tax • How producers could prove that recycled content levels had been met 	<ul style="list-style-type: none"> • Government to continue to consider which definitions to use, including the effects on different types of material, for example biodegradable and composite materials • Strong support to align to existing recycled content standards or to align with Europe if there is a European definition

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Consistent Collections in England

The main aim of this consultation is to ensure that a consistent set of recyclable materials is collected at kerbside. As well as this, it also looks as possible further material stream collections (food waste and garden waste from kerbside), and whether businesses in England should be mandated to separate recyclable material. As with the EPR and DRS consultations, the expected implementation date is still 2023, with more detailed information to be published in 2020.

Reminder: Under Packaging (EPR) Reforms, packaging producers will be expected to pay full nets costs, including the collection and sortation of HH and HH-like packaging.

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Core recyclable materials to be collected at kerbside by all Local Authorities	<ul style="list-style-type: none"> Proposal for plastic bottles and pots, tubs and trays, glass, paper and card and metal Possible inclusion of further materials 	<ul style="list-style-type: none"> It is likely that those materials constituting 'core' recyclable materials will form the basis of the modulated fee approach (see EPR above) This should make it easier for consumers, and therefore boost recycling rates 	<ul style="list-style-type: none"> 6 materials will be mandatory for kerbside collections: glass bottles and jars, paper and card, plastic bottle, plastic PTTs, steel and aluminium cans and tins with further consideration to be given for food and drink cartons inclusion from 2023
Food waste collection	<ul style="list-style-type: none"> Mandatory kerbside food waste weekly collection 	<ul style="list-style-type: none"> The provision of food waste collections has been shown to reduce contamination of recyclable materials 	<ul style="list-style-type: none"> Strong support for weekly food waste collections Government to mandate separate food waste collections, but complete further analysis on how this should be done

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Business requirement to separate recyclable materials	<ul style="list-style-type: none"> 3 options given <ol style="list-style-type: none"> Dry recyclables, separate glass Dry recyclables, separate food waste (separate glass optional) Dry recyclables, separate glass, separate food waste 	<ul style="list-style-type: none"> This may increase the amount of packaging material available for recycling Full Net Costs of HH-like packaging likely to need to be covered by packaging producers 	<ul style="list-style-type: none"> Strong support for businesses to be required to separate recyclable material and improve data quality for this type of material Option 3 was most popular with respondents Government to amend legislation to reflect the consultation, but to also complete further analysis regarding smaller businesses and the possible impacts of any changes Consultation expected 2020 on which businesses may require food waste collections

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