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Extended Producer Responsibility for Packaging

Summary of consultation responses and Government
response

26 March 2022

We are the Department for Environment, Food and Rural Affairs. We're responsible for improving and protecting the environment, growing the green economy, sustaining thriving rural communities and supporting our world-class food, farming and fishing industries.

We work closely with our 33 agencies and arm's length bodies on our ambition to make our air purer, our water cleaner, our land greener and our food more sustainable. Our mission is to restore and enhance the environment for the next generation, and to leave the environment in a better state than we found it.



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Executive summary

The UK Government and Devolved Administrations have ambitious goals to protect our climate, drive green growth, and drive down unnecessary waste. Our plans for Extended Producer Responsibility play a key part in delivering those goals. The current producer responsibility system for packaging has operated since 1997, but it has never covered the full costs of disposing of packaging waste. Extended Producer Responsibility for packaging (EPR) will move the full cost of dealing with packaging waste from households away from local taxpayers and councils to the packaging producers (applying the ‘polluter-pays principle’), giving producers responsibility for the costs of their packaging throughout its life cycle. This will encourage producers to reduce their use of packaging and use packaging which is easier to recycle. Producers will pay more for less sustainable packaging, incentivising packaging that uses less material and is easier to recycle. Producers will also be expected to meet ambitious new recycling targets and use clear unambiguous labelling of recyclability to make it easy for consumers to do the right thing.

The UK Government and Devolved Administrations’ commitments to introducing EPR include those in the 2018 *Resource and Waste Strategy for England*; the 2019 Conservative Manifesto; the Scottish Government’s *Making Things Last*; the Welsh Government’s *Beyond Recycling, A strategy to make a circular economy in Wales a reality*; Northern Ireland’s 2019 *Waste Management Plan and draft Environmental Strategy 2021*.

We received 1,241 responses to the second consultation and held additional workshops and meetings following its publication. 28% of responses came from local government, 24% from packaging designers/manufacturers/converters and distributors, and 24% from product manufacturers/brands and retailers. A more detailed breakdown is provided in the accompanying full analysis of consultation responses.¹

Changes following the consultation

The reforms will require detailed work to implement, and must ensure deliverability, allow businesses time to prepare and avoid placing a burden on consumers. Following stakeholder feedback, the reforms have been modified in the following ways:

- We will now implement EPR in a phased manner from 2024, rather than 2023, focussing on payments for household packaging waste and packaging in street bins managed by local authorities, with such payments being determined from 1 April 2024. This will simplify and de-risk delivery. The payments for household packaging will support improved recycling collections for households, provide for the collection of additional packaging materials for recycling such as plastic films and flexible

¹ [Packaging and packaging waste: introducing Extended Producer Responsibility - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/package-and-packaging-waste-introducing-extended-producer-responsibility)

packaging and mean that all households will be able to recycle the same packaging materials from home. In England this will support the delivery of the UK Government's proposals for consistent recycling collections from households which it is consulting on separately. It will also support the delivery of similar measures in the Devolved Administrations.

- We will introduce modulated fees based on recyclability from 2025, rather than 2024. In England and Northern Ireland, we will not introduce payments for packaging waste that is littered; Scotland and Wales are considering steps to obligate producers for these costs and will come forward with their proposals in due course.
- We will continue the current arrangements (known as the 'Packaging Waste Recycling Note (PRN) system') to demonstrate recycling obligations have been met.
- We will continue to explore payments for commercially collected packaging waste (from businesses and other organisations that pay for the collection of their waste), establishing a task force, with cross-sector representation, to develop the evidence, undertake analysis and identify options.
- We have decided to maintain the threshold for producer recycling obligations and disposal cost payments at £2m turnover and 50 tonnes of packaging handled each year, rather than to lower it. However, a lower threshold of £1m turnover and 25 tonnes of packaging handled each year will be introduced for producers to report packaging placed on the market only.
- All compostable and biodegradable packaging will be required to be given the 'do not recycle' label, allowing time to build the evidence that it can be safely collected and composted separately.
- A Scheme Administrator (SA) will be appointed. It will start to mobilise in 2023 and will be fully operational in 2024. An indicative view from HM Treasury² is that the SA is likely to be classified as being within the public sector. In light of this advice Government is considering options to establish the SA within the public sector, but still maintain significant industry involvement in the delivery of its functions. The final decision on the SA will be made by the four governments.
- The EPR scheme will be reviewed after two years of its operation; this review will consider the proposals of the task force, as well as progress in reducing the volumes of packaging in street bins and littered on the ground.

Decisions taken forward from the consultation

Further detail on the decisions taken in this response is provided in the main body of the document, and confirms that we will introduce Regulations for:

- Producers to pay the costs of managing household packaging waste

² The Office for National Statistics has ultimate responsibility for the statistical classification of the SA. The ONS will formally classify the SA once the SA is operational.

- Payments to local authorities and councils (local councils in Northern Ireland) for collection of household packaging waste, and on the go packaging disposed of in street bins
- Modulated fees to incentivise the use of recyclable packaging
- Mandatory takeback scheme for the collection and recycling of fibre-based composite cups (disposable coffee cups)
- Mandatory labelling of packaging for recyclability with a single labelling format
- Annual packaging waste recycling targets to 2030
- Enhanced waste sampling to enable improved data on packaging waste
- Requirement for certain producers to report the nation packaging is placed on the market
- Strengthened requirements on reprocessors and exporters
- Appointment of a Scheme Administrator.

Government recognises the importance of looking at additional measures to further reduce packaging use. It will complete the post-implementation review of the Packaging (Essential Requirements) Regulations that aim to minimise packaging use, which started in 2021, and take forward work to develop measures to encourage the use of re-usable / refillable packaging.

Financial impacts

We expect obligated producer costs to be around £1.7 billion each year.³ Around £1.2bn of this cost arises from managing household waste and currently falls on taxpayers, with around £800m household packaging recycling costs and HWRC costs, £300 million household packaging residual costs and managing packaging in street bins is expected to cost £100m. Further systems administrations costs (including the costs of communications campaigns and regulator costs) are also expected to be around £100m; PRN costs are expected to be around £300m. This will create a strong incentive for producers to reduce packaging and increase its recyclability, reducing the costs they incur under EPR.

This response is accompanied by a Final Impact Assessment, detailing the costs and benefits of the decisions outlined in this Government Response. The final version of this Impact Assessment will be published alongside the Regulations.

Our initial analysis indicates this will not result in any significant increases in consumer prices (including food prices). As part of the phasing of EPR, producer fees will be modulated (varied) to reflect criteria such as recyclability, giving producers more control over the fees they pay and any impact on consumer prices. This will also incentivise improvements to the recyclability of packaging which is a key goal of this reform.

³ Estimates in this paragraph do not add up to the total due to rounding.

Interface with UK Government consistent collection proposals in England

The UK Government believes it is important that local authorities continue to support comprehensive and frequent rubbish and recycling collections to households. The consultation on consistent collections set out proposals for collecting a common set of recyclable materials from all households, expanding food waste collections, supporting garden waste collections, and considered whether a minimum service standard of alternate weekly collection for residual waste (alongside weekly food waste collection) might be appropriate, subject to an assessment of affordability and value for money.

The payments local authorities will receive for household packaging under EPR will support the delivery of the UK government's proposals for consistent recycling collections from households. Specifically, they will support improved recycling collections of packaging materials from all households meaning that households will be able to recycle more packaging materials and all households will be able to recycle the same packaging materials. EPR payments will support the delivery of similar measures in the Devolved Administrations.

Deposit Return Scheme for drinks containers

On 24 March 2021, the UK Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland launched a second consultation considering a deposit return scheme (DRS) for single use drinks containers, following an initial consultation in 2019.

Government is analysing the consultation responses and will publish a full response in due course. However, it is important to clarify the materials in scope for DRS (and hence not for EPR). We expect to work closely with industry to examine how best to progress delivery in this area.

Size of container in scope of a DRS

Defra, Welsh Government and the Department of Agriculture, Environment and Rural Affairs will implement an all-in DRS, in line with the views of most consultees. Single-use drinks containers containing between 50ml and 3ltr of liquid will be in-scope of the DRS for England, Wales and Northern Ireland. This will include containers sold both individually and as part of a multipack and is in line with the approach taken in Scotland.

Materials in scope of a DRS

The consultation examined including polyethylene terephthalate (PET) bottles; steel and aluminium cans; and glass bottles in a deposit return scheme. Some consultation responses raised concerns over glass, in particular the way glass is collected in reverse vending machines, possibly being crushed and mixed, ultimately resulting in poorer quality

glass than is collected currently through kerbside recycling. Respondents also highlighted the potential increase in handling costs and equipment complexity that comes from collecting glass bottles in a DRS. Reverse vending machines will need to be emptied more frequently and will carry safety risks associated with handling broken glass. The weight of glass and the potential for breakages also poses consumer safety issues in transporting glass bottles to return points.

Taking these concerns into consideration, England and Northern Ireland will not include glass in their DRS. Glass drinks bottles will be in scope of EPR, which will place targets on producers in relation to glass recycling and require them to pay for the cost of managing glass packaging generated by households. Northern Ireland will keep under review the inclusion of glass once the DRS is fully operational to ensure glass drinks containers are meeting the required recycling targets.

In assessing the range of materials to be included, Welsh Government considered the impact of a DRS against the baseline recycling rate in Wales, and the statutory requirements of the Well-being of Future Generations (Wales) Act 2015 and the overarching commitments to become a net zero carbon and zero-waste nation by 2050. Other factors include consultation responses requesting the inclusion of as wide a range of materials as possible; advances in digital DRS technology solutions that could allow bottle deposit return via existing kerbside collection infrastructure thereby reducing the reliance on return to retailer reverse vending machines; and an overall better return rate from the economic impact assessment with the inclusion of glass within the scheme in Wales. Welsh Government will therefore progress with its recommended option as set out in the consultation and introduce an all-in DRS in Wales which includes PET plastic, steel and aluminium cans, and glass bottles.

Next steps

The UK Government, the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland will publish the government response to the DRS consultation in due course. In addition, for England, we will also publish the Government's response to the consistent recycling collections consultation in due course. Further information on the implementation timelines for DRS and consistent recycling collections in England will be set out in the respective government responses. All Governments will continue to work together to understand the impact of these proposals on the operation of the UK internal market.

We will develop the EPR Statutory Instrument (SI) in 2022, with a view to laying it in Parliament in Spring 2023. The SI will be a single UK-wide SI made using concurrent powers in the Environment Act and with the consent of DA Ministers. Subject to completing the parliamentary process we expect the regulations to come into force in Summer 2023.

To ensure EPR can be implemented from 2024, we will also be developing a separate Data Reporting SI, that will come into force on 1 January 2023. These regulations will be

in force for one year. They will cover data collection and reporting obligations for producers for 2023 only. They will be repealed by the EPR SI which will contain identical provisions that will apply to data reporting from 2024.

As our final policy proposals and detailed legislative requirements take shape over the coming months, they will lay the firm foundation for business and local authority led investment in the sector to optimise packaging choices, invest in improved collection and sorting systems, and grow domestic reprocessing capacity.

A small number of minor improvements to the PRN system may be necessary; we have published a consultation on these reforms alongside this response.⁴

Notes for readers

There are some instances where reported percentages of responses do not total 100%, due to rounding to the nearest whole number.

References to “the MF Regulations” are shorthand for the various regulations which implement requirements for materials facilities to sample input and output streams and report results to regulators. In England and Wales this is Part 2 of Schedule 9 to the Environmental Permitting Regulations (England and Wales) 2016; in Scotland it is the Code of Practice on Sampling and Reporting at Materials Recovery Facilities. There are no equivalent sampling requirements in place in Northern Ireland, so reference to the ‘MF Regulations’ in this context refers to new requirements that will be required to be introduced in Northern Ireland through regulations.

Targets

2023 packaging waste business recycling targets under the 2007 regulations (Question 7)

We proposed that the packaging waste recycling targets for 2022, set under the current 2007 Packaging Waste Regulations (typically referred to as the ‘business targets’), are rolled over to 2023 to provide continuity in a year when businesses will need to prepare for changes to the producer responsibility regime that will occur in 2024. We asked whether stakeholders agreed or disagreed with this proposal. 976 respondents answered this question: 78% agreed with the proposal, 9% disagreed and 13% did not express a view.

⁴ <https://consult.defra.gov.uk/packaging-extended-producer-responsibility/>

Decision – 2023 packaging recycling business targets

We will roll over the 2022 packaging waste business recycling targets to 2023 for all packaging materials. These targets will be introduced through an amendment to the 2007 Regulations. We accept that businesses will have additional requirements in 2023 as they prepare for the introduction of EPR in 2024.

Packaging waste recycling targets will be set under the EPR regulations from 2024 and our proposals are set out below.

Framework for packaging targets

We proposed a targets framework for packaging in scope of the EPR regulations, in summary this set out:

- An initial focus on increasing the recycling of packaging whilst signalling our desire for the use of more reusable and refillable packaging;
- Recycling targets to be set for plastic, card, steel, aluminium, glass and wood, initially to 2030. These targets to be established on a UK-wide basis and required to be met by producers in England, Northern Ireland, Scotland and Wales;
- Recycling targets to be introduced for additional packaging materials in the future;
- Consideration of the need for additional sub-targets to drive material back into the same or similar applications (referred to as ‘closed loop’ targets); and
- Further consideration of targets or obligations to incentivise the use of refillable and reusable packaging systems.

We asked whether stakeholders agreed or disagreed with the proposed framework. Of 384 responses: 75% agreed with the proposal, 12% disagreed and 13% did not express a view.

Some respondents were concerned that multiple targets could make it unclear which targets should be focused on, especially if reporting on targets by devolved administration. There were also concerns around a perceived lack of focus on environmental outcomes that could encourage counter-productive behaviours amongst packaging producers and waste producers. A few respondents felt the proposals could lead to an infrastructure bottleneck, in that a lack of UK reprocessing capacity may thwart progress. Concerns of a gap between what is currently possible and what would need to be put in place to achieve future targets were also raised. A few respondents thought the timeline for implementing the framework was too slow and achievement of targets should be accelerated where possible.

The remainder of this section addresses specific elements of this framework. The ‘Refillable and reusable packaging’ section provides a summary of the feedback provided on some initial options that were outlined in the consultation document.

Packaging recycling targets by material type (Questions 8-18)

We proposed minimum recycling target rates for 2024 and 2030 for six packaging materials (see below in Table 1) and proposed setting annual targets to 2030. We stated these targets would need to be met in each devolved administration and would exceed standards currently set for 2030 for members of the European Union.

Plastic:

We asked whether stakeholders agreed or disagreed with the proposed minimum target to be met by 2030 for plastic. Of the 928 respondents that answered the question, 54% neither agreed nor disagreed, 30% agreed and 16% disagreed. A few respondents who agreed commented that a high target for recycling plastic is positive, so long as the infrastructure is in place to sort and reprocess the material collected.

Concerns focused on the need for the detail of the England, Wales and Northern Ireland DRS to be known including anticipated performance. They also highlighted the need for confirmation of whether films and flexible packaging would be required to be collected for recycling from households and businesses, as this will impact the supply of plastic packaging for recycling and hence targets under EPR. Some respondents felt the proposed target is too low if the Government wants to lead on environmental issues and incentivise businesses and consumers to change the way they produce and use plastic packaging. Some suggested it should be in line with the UK Plastics Pact target of 70% of plastics packaging recycling or composted by 2025.

Wood:

We asked whether stakeholders thought a higher recycling target than the rate given should be set for wood in 2030, which we regarded as the minimum. Of the 852 respondents that answered the question, 62% were unsure, 23% thought we should set higher targets and 16% thought we should not. Support for not setting higher targets included that these could be achieved by diverting wood into recycling from preferable reuse routes,⁵ rather than by increasing the diversion of wood from disposal such as landfill. Other respondents thought higher targets would be necessary for recycling to be prioritised over energy generation, in line with the waste hierarchy and circular economy principles. Many thought the proposals for wood to be unambitious, especially when compared to the targets for other materials.

We also asked whether a sub-target should be set to encourage long term end markets for recycled wood. Of the 842 respondents that answered the question, 68% of respondents

⁵ This is reinforced by the fact that a high proportion of wood packaging is pallets.

were unsure, 27% supported the proposal and 5% did not support the proposal. Concerns were wide-ranging, including that a sub-target was unfeasible, would not ensure a market, would compromise clarity and stability provided by the overall target, and prevent reuse being prioritised over establishing end markets for recycled wood.

Aluminium:

We asked whether stakeholders agreed or disagreed that the recycling target to be met by 2030 for aluminium could be higher than the rate in Table 1. Of the 899 respondents that answered the question, 52% did not express a view, 46% thought the target could be higher and 2% thought that it could not. Concerns centred around the impact the introduction of DRS would have on recycling rates, the aluminium packaging that would be part of household recycling collections (aerosols and foil in particular), and whether UK reprocessing capacity could accommodate increased recycling of these packaging types.

Steel:

We asked whether stakeholders agreed or disagreed with the proposed minimum target to be met by 2030 for steel. Of the 886 respondents that answered the question, 46% did not express a view, 40% agreed and 14% disagreed. Although nearly three quarters of those who expressed a view agreed with the proposals, concerns were raised about whether this target would be achievable due to material leakage from the system (due to under reporting by small scrap merchants and other factors).

Paper/Card:

We asked whether stakeholders agreed or disagreed with the proposed minimum target to be met by 2030 for paper/card. Of the 934 respondents that answered the question, 65% agreed with the proposed minimum target for paper and card, 7% disagreed and 28% did not express a view. Many respondents had concerns achieving the target may be dependent upon appropriate collection systems and necessary infrastructure to support the sorting of paper and card being in place. They felt that it may be difficult to meet the proposed targets if plastic flexibles are mixed with paper and card in recycling collections.

Glass:

We asked whether stakeholders agreed or disagreed with the proposed minimum target to be met by 2030 for glass. Of the 887 respondents that answered that question, 49% agreed with the proposed target, 6% disagreed and 45% did not express a view. The main concern related to uncertainty around the impact DRS would have on glass recycling, and how these schemes might impact consumer behaviour (including their recycling of non-drink glass packaging, meaning that the proposed target for glass packaging in scope of EPR may be difficult to meet). A few respondents felt the proposed target is unambitious as glass is easily recycled. We also asked for views about the level at which we should set

a re-melt target for non-bottle glass, this in the context of glass drinks containers being in scope of DRS. Suggestions ranged between 70% and 90%.

Fibre-based composite packaging:

We asked whether stakeholders agreed or disagreed with the proposal to set recycling targets for fibre-based composite packaging. Of the 962 respondents, 42% agreed, 19% disagreed, and 40% neither agreed nor disagreed. Many respondents thought that a target for all fibre-based composites may be unnecessary as other fibre-based composites may fall within the proposed EPR fee modulation system. Many were also concerned the target would not be based on reliable data, particularly following COVID-19, and would be difficult to measure. Those who supported the proposal felt it would stimulate and enable more effective recycling and incentivise less use of material.

‘Closed loop’ targets:

We asked whether stakeholders agreed or disagreed that there may be a need for ‘closed loop’⁶ recycling targets for plastic, in addition to the plastics packaging tax. Of the 990 respondents, 40% agreed with this proposal, 32% disagreed and 27% did not express an opinion. Many were concerned that the addition of closed loop recycling targets for plastic could cause unnecessary complications and ignore the global nature of the supply chain for plastic products. Many also expressed concerns surrounding the inadequate kerbside pick-up infrastructure and a reliance on the export of recyclable products, meaning there is little potential for closed loop recycling targets in the UK. Those who agreed with the proposal, however, expressed support for closed loop recycling targets and felt they would help galvanise support and funding for investment into plastic recycling and infrastructure.

We asked respondents to indicate whether any other packaging material may benefit from closed loop recycling targets. In total, 725 respondents answered this question, with many suggesting specific materials including: aluminium, cardboard, compostable materials, glass, metal, plastic, steel, and wood. Some commented that closed loop recycling is not always the most desirable outcome for packaging as it oversimplifies the flow of material so could undermine wider sustainability objectives.

⁶ A closed loop event is where packaging such as food trays cannot be reused or made available for recycling and waste compostable packaging can be collected to be taken to be composted at a facility that accepts the material.

Decisions on recycling targets for packaging in scope of EPR

We will adopt the framework as a guide to setting targets for packaging that is in scope of the EPR regulations.

We will set annual recycling targets for the six packaging materials (plastic, paper/card, steel, aluminium, glass, wood) for each year from 2024 to 2030. The targets for 2024 and 2030 are given in Table 1 below. Targets for the intervening years will be set on a trajectory to meet the 2030 targets.

We are not proposing recycling targets for wood packaging at this stage. We will undertake further work with the wood sector to explore options for setting re-use obligations on wooden pallets, rather than recycling targets. Recycling targets would be set for all other wood packaging, to ensure that pallets are kept in service as long as possible, and to avoid higher recycling targets disincentivising closed loop systems for pallets. This work will be completed in 2022 with the new arrangements and targets effective from 2024.

We will require recycling targets for fibre-based composite packaging to be met from 2026, following engagement with obligated producers, material organisations and other relevant stakeholders. The glass re-melt target will be increased to 80% by 2030; we will not introduce any additional closed loop targets at this time; but targets will be kept under review.

Producers will evidence that they have met their recycling obligations by acquiring packaging waste (export) recovery notes as under the current arrangements.

We remain committed to introducing reuse/refill obligations and will bring our forward proposals with the intention of introducing these in 2025.

Table 1: Recycling targets for packaging in scope of EPR regulations

	Targets for 2024		Targets for 2030	
	Proposed in consultation	Final proposed targets	Proposed in consultation	Final proposed targets
Plastic	41%	51%	56%	62%
Wood	38%	To be confirmed	39%	To be confirmed
Aluminium	30%	45%	30%	50%
Steel	85%	82%	92%	85%
Paper/ Card	76%	80%	85%	89%
Glass	71%	75%	81%	83%
Glass re-melt	N/A	74%	N/A	80%
Overall recycling rate	63%	68%	81%	76%

Our decisions on recycling targets take account of final policy decisions on the scope of DRS in England, Wales and Northern Ireland and decisions on other policies that will impact packaging recycling rates such as the recycling consistency measures in England. We have also had further discussions with relevant trade organisations. For several materials the targets have been increased from those proposed at consultation. Glass targets have increased, reflecting the decision not to include glass drinks containers in the DRS in England and Northern Ireland. Aluminium targets have increased to better reflect the aluminium packaging that is recovered for recycling from Incinerator Bottom Ash and higher capture rates for non-drinks cans packaging. Plastic targets have increased to reflect the requirement for collections of recyclable plastic films and flexibles to be introduced by 31 March 2027.

Government remains committed to requiring packaging waste recycling targets to be met separately in each part of the UK. However, due to the limitations of the current data on packaging placed on the market and packaging waste recycling, we recognise this will not be possible from 2024. We will introduce measures to improve data on packaging and packaging waste (see sections on ‘Reporting packaging placed on the market data for England, Northern Ireland, Scotland, and Wales (Question 26)’ and ‘Data reporting to support payments (Questions 56 to 65)’). This includes requirements on ‘sellers’ to report packaging placed on the market in each of the devolved administrations and in England and the introduction of Digital Waste Tracking. This will enable packaging and packaging waste data to be collected and reported for each part of the UK. Setting and measuring packaging waste recycling targets by administration will form part of the proposed business waste taskforce work and the 2026/27 review. In the interim we will put in place a set of performance measures to monitor the impact of these reforms and understand if the desired policy objectives are being achieved.

Obligated Producers – full net cost payments, recycling obligations and reporting of packaging placed on the market data

Brand Owners and Importers (Questions 19 and 20)

The consultation outlined several classes of producer who will become obligated to pay waste management costs; two of these are the Brand Owner and Importer.⁷ We explained why we thought obligating these producer classes would be the most effective approach.

Brand owners

We asked if stakeholders agreed that Brand Owners are best placed to respond effectively and quickly to incentives that are provided through the scheme. Of the 994 who responded to the question, 59% agreed, 20% disagreed and 21% neither agreed nor disagreed. Some respondents who supported the proposals expressed concerns, including that Brand Owners would not be able to pass on costs and so would face a significant financial burden due to the need to keep prices competitive. Some respondents felt that Sellers (retailers) would have more control and influence over the packaging used and would be better placed to fulfil data reporting requirements.

Importers

We asked whether there are any situations where the proposed approach to importers would result in packaging being imported into the UK which does not pick up an obligation.⁸ This question was answered by 654 respondents. Many comments expressed support for the proposal and felt that it would capture all the packaging it is intended to. Some felt the proposals were overcomplicated and may cause challenges over the correct interpretation of which category a business would fall into, as well as generating confusion around who is responsible for the packaging. Some respondents suggested that regulatory guidance would help make the obligation clearer.

⁷ Please refer to page 46 the consultation document for the proposed definitions of these and the other types of producer. The document can be found here: <https://consult.defra.gov.uk/extended-producer-responsibility/extended-producer-responsibility-for-packaging/>

⁸ Except if the importer or first owner is below the de minimis, or if the packaging is subsequently exported.

Decisions on Brand Owners and Importers

We will obligate Brand Owners and Importers (in addition to other producers, discussed further below) as proposed in the consultation. We believe these producers will not shoulder all the financial cost, and instead will seek to pass on some of these costs. Whilst Sellers will have some influence over the packaging that is used on the products they sell, we think that Brand Owners generally will have the most influence. Additionally Brand Owners will have access to detailed information on the packaging that is used, making reporting obligations less complicated. We will ensure clarity of the obligations in the lead up to the new regulations coming into force.

Approach to small businesses (Questions 21, 22, and 27)

We outlined three options for obligating significantly more packaging, whilst ensuring the smallest producers are not exposed directly to the burden of reporting. Option 1 proposed lowering the existing de minimis threshold.⁹ Options 2 and 3 proposed placing an obligation on manufacturers, importers, and wholesalers (Option 2), or solely on manufacturers and importers (Option 3), where unfilled packaging is sold to businesses below the de minimis threshold.

We asked which of Options 2 and 3 stakeholders thought would be most effective at both capturing more packaging and ensuring the smallest businesses are protected from excessive burden. Of the 940 respondents that answered the question, 32% supported Option 3, 15% supported Option 2, 31% supported neither option, and 22% did not know.

We asked whether, if either Option 2 or 3 is implemented, stakeholders considered there to be a strong case to also reduce the de minimis threshold in Option 1. Of the 929 respondents that answered the question, 57% supported lowering the existing de minimis threshold to £1m turnover and 25 tonnes of packaging placed on the market, 16% did not support this and 27% were unsure. Those in support believed that lowering the de minimis would result in a more level playing field and was consistent with the polluter pays principle. Some raised concerns about the increased burden on both the Scheme Administrator (SA) and on the new, small producers.

We also asked whether the “allocation method” aimed at easing reporting burdens on companies just over the de minimis level should be removed. Of the 915 respondents that

⁹ This is a threshold that a business must exceed to be obligated.

answered the question, 59% agreed that the allocation method should be removed and 6% disagreed, and the remaining 34% did not express a view.

Decisions on small businesses

We will maintain the existing de minimis threshold (£2m turnover and 50 tonnes of packaging placed on the market) for producers who are obligated to pay fees to cover disposal costs and who have obligations under the PRN system.

In addition to this we will create a de minimis threshold of £1m turnover and 25 tonnes of packaging placed on the market. Producers who are between the two thresholds will be obligated to report the amount of packaging, by material and packaging type, that they place on the market in 2024. They will not be obligated to pay fees to cover disposal costs or meet recycling obligations. We will maintain this approach until at least 2026, when we will review it. This will reduce the burden on small producers, whilst still actively bringing them into the system, increasing their awareness of the impacts of their packaging. It will provide additional information on the amount of packaging placed on the market to inform the 2026/7 review.

We will implement Option 3, obligating manufacturers and importers of unfilled packaging for that packaging unless it is sold to a producer with a disposal cost obligation. This will result in more packaging being reported in the system and the costs being shared more fairly among producers, whilst protecting the smallest businesses from burdensome reporting obligations.

We will not include an allocation method, as this is not consistent with the “polluter pays” principle and would not allow for fees to be modulated.

Online marketplaces (Questions 23 to 25)

The consultation outlined our proposal to obligate Online Marketplaces (OMPs) for filled packaging sold in the UK via their platforms by businesses outside the UK.¹⁰ This does not include businesses who use their own websites or apps to sell their goods directly to customers, or packaging sold by one private household to another.

We also proposed that OMPs would be required to submit as much data as possible on the actual weights of packaging placed on the UK market, with the option for them to

¹⁰ OMPs provide a platform for others to use to sell their goods. As an example, an OMP would be obligated for the packaging around a TV if it was sold by a French business direct to a consumer in the UK. This is in addition to any obligations they may have as a Brand Owner or other class of producer.

propose a methodology to the regulators that could be used to compensate for gaps in their data. We considered extending the obligation on OMPs to include unfilled packaging sold in large quantities via OMPs from outside the UK (with a threshold in place to avoid targeting small quantities being supplied to individuals for non-packaging uses). Finally, we outlined our consideration of obligating fulfilment houses.¹¹

We asked whether stakeholders thought that OMPs should be obligated for unfilled packaging in addition to filled packaging. 949 respondents answered this question: 77% agreed, 7% disagreed and 16% were unsure. Supportive comments suggested that obligating OMPs for unfilled packaging would contribute to a more level playing field and is consistent with the polluter pays principle. However, some respondents were concerned that there may be a risk of packaging being reported twice, since it would be difficult for OMPs to know if the sales they are facilitating are to unobligated producers.

We also asked whether stakeholders foresaw any issues with OMPs not being obligated for packaging sold through their platforms by UK-based businesses. Of the 910 respondents that answered the question, 38% felt there would be issues, 22% felt there wouldn't be issues and 40% were unsure.¹² A few respondents expressed concerns that the proposal would disproportionately impact costs for UK-based businesses compared to overseas businesses. However, it is our view that it is practicable for the regulators to effectively monitor the compliance of UK-based businesses, whereas it is not possible to do the same with non-UK businesses. We therefore have decided that it would not be appropriate for Online Marketplaces to take the obligation of packaging sold by UK-based businesses. We will exclude sales by UK businesses, to focus the obligation on sales by non-UK businesses.

We asked whether stakeholders thought there are any barriers to OMPs developing a methodology for filling any gaps in their data in time for the start of reporting in January 2022. Of the 901 respondents that answered the question, 33% agreed that there were barriers, 19% disagreed and 49% were unsure. Given EPR will be implemented in 2024, OMPs will need to be ready to start collating data in 2023, rather than 2022.

We discussed exempting sales between private households. We have decided to adopt a 'qualitative approach', based on feedback from OMPs and precedents set elsewhere in UK policymaking.¹³ The regulations will not have a numerical threshold for determining whether a sale is between private households; OMPs will need to define how they will

¹¹ Fulfilment houses are businesses that store and deliver products on behalf of their clients.

¹² In reviewing responses to this question, we recognise that some stakeholders may not have fully understood our proposal, and we have sought to provide additional clarity in this response.

¹³ HMRC use a qualitative approach to defining a business; the amended VAT Act 1984 uses a subjective approach and defines OMPs (in relation to VAT) in Paragraph 5(1)(a); the Consumer Rights Act 2015 uses a qualitative approach in defining who is a trader and who is a consumer in Paragraph 2(2) to Paragraph 2(4).

identify these sales and submit this approach to the regulators as part of their reporting methodology.

We also suggested that the obligation on OMPs could be broadened to capture fulfilment houses,¹⁴ and noted that we were developing our thinking on this. While there are similarities between the two, OMPs play a key role in securing orders and providing a ‘shop front’ and credible brand to businesses that may not have otherwise accessed the UK market; fulfilment houses are not involved in facilitating sales.¹⁵

Decisions on online marketplaces

We will obligate OMPs in relation to filled packaging sold in the UK via their platforms by businesses outside the UK. We will exclude packaging sold by one private household to another through OMPs, and we will not obligate OMPs in relation to packaging sold in the UK via their platforms by businesses based in the UK.

We will require OMPs to submit as much data as possible on the actual weights of packaging placed on the UK market, with the option for them to propose a methodology to the regulators that could be used to compensate for data gaps.

We will obligate OMPs for unfilled packaging, but we will not impose a threshold for determining where packaging is being sold to individuals for non-business uses.

Producer Obligations to Report Packaging Data

To comply with the new regulations, producers will need to report detailed data on packaging, with two key elements. First, they will need to report the amount and type(s) of packaging they have placed on the market. This will be used by the regulators to calculate their recycling obligations and hence requirements to acquire PRN/PERNs, and by the SA to determine the disposal cost fees they will pay for household packaging waste, and for managing on the go packaging placed in street bins. Second, they will need to report further details of their packaging to inform the assessment of its recyclability and to enable disposal cost fees to be modulated, as well as informing how they label their packaging. Sellers of ‘filled’ fibre based composite cups will also need to report (either directly to the regulator or to the regulator through a takeback scheme) the weight of cups they have collected and recycled each year.

¹⁴ We consider a fulfilment house to be a business that stores and packs goods that are owned by another person, with a view to sale by that person.

¹⁵ Some OMPs may also run fulfilment house services.

We will continue to work with stakeholders to understand the exact information that producers will need to report. We will publish and clearly communicate the details of the reporting requirements once they are finalised. The types of information that we expect producers will need to collect and report (these are subject to change) are:

- All obligated producers will need to collate information under the following material categories: Plastic, Glass, Steel, Aluminium, Wood, Paper/Card, Fibre-based Composites, Other.
- Brand Owners, Importers, Distributors and Service Providers may also need to collate packaging information such as:
 - Packaging classed as 'commonly placed in street bins'
 - Additional material information – such as plastic polymer type, treated/untreated wood, or paper lamination
 - Function – Primary, Shipment (packaging used to deliver goods direct to households), Secondary or Tertiary
 - Waste stream – evidence regarding whether packaging is likely to end up in the household waste stream or not.
 - Information about the product contained within the packaging – such as food/non-food, hazardous (as defined by EN643)/non-hazardous, silicone, mastic etc.
 - Packaging components – the components that make up the whole packaging item and the weight of each component
 - Recycling disruptors – such as metal components, carbon black colouring, UV inks and varnishes etc.
 - Recycling enablers – such as detectable inks that allow for enhanced sorting and reprocessing
 - Format/packaging description – for example tub, tray, bag, box, jar, etc
 - Colour of material

We are developing a digital platform that will allow producers to register and report their data; relevant data will be shared with the SA and the regulators. Producers will have to report packaging data twice a year, in October and April of each year, with each data submission covering a six-month period. Producers will have three months to collate and report this data: for example, the April submission would require data from the last six months of the previous calendar year (i.e. July to December). Some producers will also need to annually report in which part of the UK their packaging is placed on the market.

Producers will be able to submit evidence of self-managed packaging waste in order to reduce its payment obligation for the same type of household packaging. This could be packaging waste collected 'front of store', through 'post-back' schemes or other schemes established by producers to collect primary packaging for recycling. This will only be the case where that packaging material is not required to be collected for recycling by local

authorities (LAs)¹⁶ and the producers can provide evidence of its reprocessing, except where it arises as part of a re-use system (e.g. glass milk bottles). When this occurs the recycling of this re-useable packaging, when it reaches the end of its life, could be used to reduce a producers' payment obligation, even if that format of packaging is collected for recycling by LAs. There will also be a requirement placed on producers who self-manage packaging to declare in which part of the UK it was discarded as waste to enable recycling rates to be calculated for England, Northern Ireland, Scotland and Wales. This will apply to all self-managed packaging, apart from 'post-back' packaging.¹⁷

Reporting packaging placed on the market data for England, Northern Ireland, Scotland, and Wales (Question 26)

The consultation proposed that certain producers would be obligated to report where packaging is placed on the market. The obligation would apply to sellers, distributors, service providers, OMPs and Importers, and would apply to all types of packaging, including transit and delivery packaging.

We asked if there are any types of packaging that would not be reported by the obligation as proposed (except for packaging that is manufactured and sold by businesses who sit below the de minimis threshold). Of the 905 respondents, 16% thought there would be, 20% thought there would not be, and 64% were unsure. Some respondents believed the proposed approach sufficiently covers packaging type, but some identified the need for further analysis of the proposal to ensure accurate data would be collected.

Many respondents took the opportunity to express concern around the complexity and cost of the obligation to separately report data on packaging placed on the market in each part of the UK. They commented that as the UK is a single market, obligated producers send their products to distribution centres or wholesalers and do not necessarily know to which retailers their products ultimately will be delivered and where they will be sold.

We have decided to implement the proposal described in the consultation, but with an addition to address stakeholders' concerns. For secondary and tertiary packaging (but not shipment packaging¹⁸) producers may use estimates where it is not feasible to collate

¹⁶ In the consistency recycling regulations in England and equivalent arrangements in the Devolved Administrations.

¹⁷ For example, a producer would need to track and separately report the volumes of packaging waste collected from stores in Wales, Scotland, Northern Ireland, and England. "Post-back" means a producer funded arrangement, whereby typically hard to recycle packaging items can be sent to designated recyclers/collected by couriers and the treat/recycling arranged by the producer.

¹⁸ This is packaging that is used in the delivery of goods to households or direct to the consumer, such as cardboard boxes.

entirely accurate data on where packaging ends up. Through engaging with technology companies, it is our understanding that new technologies are on the horizon that will make tracking packaging easier in the future. We will therefore reconsider allowing the use of estimates for secondary and tertiary packaging reporting as part of the review in 2026/27.

Decision on reporting packaging placed on the market data for England, Northern Ireland, Scotland, and Wales

We will implement the proposal that certain producers will be obligated to report where packaging is placed on the market. The obligation will apply to sellers, distributors, service providers, OMPs and importers, and would apply to all types of packaging, including transport and delivery packaging.

Those producers will be required to report annually on where packaging is placed on the market. In the first year, the reporting deadline will be December 2024 (for data for 2023). This will extend the timeframe for reporting and give producers longer to collate and report this information in the first year. From 2025 onwards, the deadline will be July each year, to report data for the previous year. We will accept the use of estimates for secondary and tertiary packaging until 2027.

Fibre-based composite cups – mandatory takeback requirement (Questions 28 and 29)

In 2019, around 3.2 billion fibre-based cups were placed on the market.¹⁹ We proposed to introduce an obligation on sellers to participate in a takeback scheme(s) for filled fibre-based composite cups (often referred to as disposable or single-use cups).²⁰ This obligation would be introduced in a phased approach, obligating larger businesses by the end of 2023, and all businesses by the end of 2025, and would contribute to the establishment of recycling targets for fibre-based composite material when introduced.

We asked whether stakeholders agreed or disagreed that a mandatory, producer-led takeback obligation should be placed on sellers of filled fibre-based composite cups. 919 stakeholders responded: 71% agreed with the introduction of a mandatory takeback

¹⁹ In 2019, 3.2 billion fibre-based food packaging units were also placed on the market.

²⁰ A takeback scheme would involve sellers of filled fibre-based composite cups providing a dedicated receptacle(s) for these cups to be disposed of by consumers, enabling the cups to be collected and sent for recycling. This may be through individual arrangements with waste management companies, or sellers may choose to join an existing scheme, where the bins, collection and recycling of these cups are handled by a separate company. Either route would involve a specific bin being available for consumers' use.

scheme, 9% disagreed and 20% were unsure. Those who agreed believed this would be more effective than a voluntary approach and expected it to increase recycling rates, reduce waste and avoid litter. Some respondents, however, expressed concern that a mandatory scheme would create extra burdens on businesses.

We asked whether stakeholders agreed or disagreed with a proposed phased approach to introducing the takeback obligation, with larger businesses/sellers of filled fibre-based composite cups obligated by the end of 2023, all sellers of filled fibre-based composite cups obligated by the end of 2025. 915 stakeholders responded: 50% supported a phased approach, 29% did not and the remaining 21% neither agreed nor disagreed. Some of those who supported a phased approach drew comparisons with the approach taken to carrier bag charging, noting that a phased approach would allow smaller businesses to join takeback schemes that are established when larger businesses are obligated. Some respondents were concerned about the confusion this could generate for consumers, and that the timescales were not realistic - too short or too long.

We commissioned research²¹ into the factors that might affect the ability of sellers of filled fibre-based composite cups to implement and operate a takeback scheme, and to identify options for setting a threshold level based on different approaches to breaking down the industry and size of business. The main concerns of those interviewed related to space constraints for the collection and storage of cups, followed by staff numbers and health and safety issues.²² The research found that the number of employees (measured in Full Time Equivalent, FTE) and business turnover were the most viable options for determining a potential threshold level. Using turnover (measured in bands and used as a proxy for the number of cups sold) suggests that a smaller proportion of cups may be excluded from the obligation (than using FTE), were a threshold to be included on this basis. However, using turnover as a proxy for the number of cups sold brings its own complications (e.g. year-on-year volatility, and the effect of other products sold in the same shop). Using the number of FTE has the potential to exclude a larger volume of cups but is likely to be a more stable value over time (giving sellers clarity on whether or not they are obligated from 2023).

²¹ Fibre-composite Cups De-minimis Data Review – Valpak (2021). This is available on <http://randd.defra.gov.uk/>.

²² Health and safety issues refers to the possible hygiene and pest issues associated with storing dirty cups.

Decisions on mandatory take-back of fibre-based composite cups

We will introduce a mandatory takeback requirement for fibre-based composite cups. Sellers of filled fibre-based composite cups that employ 10 or more FTEs will be required to provide a dedicated bin for the separate collection of cups in 2024,²³ and report to the regulators the tonnage they have placed on the market and the tonnage they have collected and sent for recycling. Where a business joins a takeback scheme, this information can be reported through the takeback scheme to the regulator.²⁴ We estimate this will cover three quarters of filled fibre-based composite cups that are sold from the onset of the obligation in 2024.

We will review progress of the requirement and consider whether the obligation should be extended to all sellers of filled fibre-based composite cups.

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Modulated Fees and Labelling

Modulated fees (Questions 30 and 31)

Modulated fees are the increase or decrease of fees to incentivise producers to make more sustainable decisions when designing or purchasing packaging. For example, a producer using easily recycled packaging would expect to pay a lower fee rate than a producer who uses non-recyclable packaging. We asked whether stakeholders thought the proposed framework will result in a fair and effective system to modulate producer fees. We specified that the SA should be required to determine how to modulate the fees to be paid by producers for waste management costs. We also proposed a “strategic framework” that sets out the boundaries within which Government would expect modulated fees to operate. Of the 932 responses, 51% agreed, 17% disagreed and 32% were unsure. Those who agreed felt that it was a fair approach that would help incentivise better packaging choices. Some respondents expressed concerns around the lack of detail on modulated fees in the consultation preventing businesses from making changes before the implementation of EPR. Other concerns involved the consideration of the environmental impacts of packaging when modulating fees.

²³ The implementation dates have been adjusted to reflect our decision to implement EPR from 2024, rather than from 2023 as outlined in the consultation.

²⁴ The regulator(s) will be confirmed in the Regulations.

We also asked whether stakeholders agreed or disagreed that the SA should decide what measures should be taken to adjust fees if a producer is unable to self-assess their packaging or provides inaccurate information (in addition to any enforcement that might be undertaken by regulators). Of the 926 respondents, 73% agreed, 11% disagreed, and 16% neither agreed nor disagreed. Those who agreed appreciated the degree of flexibility and thought the SA was best placed to handle producers who had not self-assessed their packaging (in addition to the role of the regulators in enforcing the regulations). A few respondents expressed concern that this approach may lead to ambiguity, and that more detail on the role of the SA in relation to such agreements is required.

Decisions on modulated fees

The modulation of fees will begin in 2025. Producers will report by material category in the first year (2023); the fees producers will pay in 2024 will be calculated by apportioning the disposal costs to each material category. We will then introduce recyclability assessments for packaging reported from October 2024 so that fees can be modulated based on the recyclability of packaging from 2025. Where possible, the SA will give obligated producers a long-term (3-5 years) view of modulated fee costs in advance of the start of the scheme, to allow them time to prepare and make decisions on product pricing and packaging use.

We will introduce the strategic framework through regulations. The SA will be responsible for determining how fees are set and modulating these in line with regulations, and for demonstrating that modulation is achieving the desired policy outcomes. If payments relating to disposal costs of packaging waste from businesses were to be introduced in the future, then modulated fees could be applied to these too.

In line with regulations the SA will adjust fees for producers who have not self-assessed their packaging for recyclability, from 2025 when modulated fees will be implemented. This will support, not replace, the regulators' compliance monitoring and enforcement work. This will be particularly important in the first year when producers familiarise themselves with the new requirements.

Packaging Labelling (Questions 32 to 36)

We proposed that producers should be required to label specified packaging (mainly primary packaging) to indicate if it is recyclable or not. We set out our preferred option as:

- Government would specify in regulations the criteria that labels must meet (format, size);
- Producers would be required to mark their packaging using a label which meets these requirements, either by establishing their own label or by subscribing to a labelling scheme; and
- All labels to be approved by Government (or the Regulator) prior to use.

We asked whether stakeholders agreed or disagreed with the approach to implementing mandatory labelling. Of the 983 respondents, 55% agreed with our proposed approach for the use of approved labels, 36% disagreed, and 9% neither agreed nor disagreed. Whilst there was overall support for the proposed approach, concerns however were raised that it could lead to mixed messages and that it did not place sufficient emphasis on simplicity and clarity. Many respondents proposed that the Recycle Now ‘swoosh’ is adopted as the recycling symbol on packaging because it is widely used and recognised by consumers and would enable a common approach.

An alternative to an ‘approved’ label was for a single ‘do not recycle’ label to be applied to non-recyclable packaging. We asked whether stakeholders agreed or disagreed with the proposal that all producers could be required to use the same ‘do not recycle’ label. Of the 973 respondents, 84% agreed, 10% disagreed, and 6% neither agreed nor disagreed.

We also asked whether stakeholders thought it would be helpful to include enhancements, such as adding the wording “in the UK” and making them digitally enabled. Of the 934 respondents, 54% agreed, 35% were unsure, and 10% felt this would not be useful. There were concerns that adopting wording such as “in the UK” may impact businesses that import or export packaged products, incurring additional costs.

We also proposed that there would be no de minimis threshold for businesses to label their packaging, but sought views on whether to obligate the business that sells unfilled packaging to small and micro businesses to label the unfilled packaging they sell. A further proposal was that binary labelling (the application of either a ‘recycle’ or ‘do not recycle’ label to packaging) should be in place by end of March 2025 for all packaging items except plastic films, required by the end of March 2027.

We asked whether stakeholders agreed or disagreed that the labelling requirement should be placed on businesses who sell unfilled packaging directly to small businesses. Of the 937 respondents, 45% agreed, 28% disagreed, and 27% neither agreed nor disagreed. Respondents’ feedback included that distributors have limited ability to control the final design or use of the packaging when sold unfilled.

Finally, we asked whether stakeholders consider the timescales proposed provided sufficient time to implement the new labelling requirements. Of the 943 respondents, 40% felt the timescales provided insufficient time, 32% agreed the proposed timescales were sufficient, and 29% were unsure. Many respondents raised concerns that the adoption of labelling is dependent upon access to the recyclability assessment tool/process to be provided by the SA. There were suggestions that a three-year lead in period (following the appointment of the SA) is needed to implement the labelling requirements in full.

Decisions on labelling

Government will proceed with its proposal to require mandatory recyclability labelling on packaging and in bringing forward these requirements in regulations will ensure these are consistent with our World Trade Organisation obligations.

Defra has agreed with WRAP the use of the Recycle Now recycle mark on packaging. This agreement will apply to packaging only and means that those producers who are required to label their packaging can use this recycle mark.²⁵ This will enable a single approach across the UK.



Producers will be required to label packaging using the Recycle Now mark and relevant wording (recycle/do not recycle). We will place the key requirements within the regulations and publish guidance to help producers understand the requirements. Producers could choose to subscribe to a labelling scheme and use the services provided by that scheme. Enhancements to labels (such as 'in the UK') will not be a regulatory requirement but advice will be included in guidance.

There will not be a de minimis threshold. We accept the practical issues associated with our proposal to place the requirement to label packaging on the business that sells unfilled packaging to the end user. We will require the packaging manufacturer to provide packaging recyclability information to the distributor who sells unfilled packaging to small and micro businesses (or small and micro businesses when selling the packaging direct). The business purchasing unfilled packaging for their products will be required to factor into their recyclability assessment any alterations they make to the packaging before applying a label.

All packaging types (except for plastic films and flexibles) will be required to be labelled as 'recycle' or 'do not recycle' by 31 March 2026. Plastic films and flexibles will need to be labelled as 'recycle' or 'do not recycle' by 31 March 2027. Advice regarding labelling of plastic films and flexibles whilst the collection infrastructure is rolled out will be included in the guidance. The revised timescales will avoid excessive and unnecessary costs for producers and provide sufficient time for recyclability assessments to be completed.

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It is proposed that the Office for Product Safety and Standards (OPSS) will be the enforcement body responsible for the monitoring and enforcement of the labelling requirements and they have agreed in principle to taking on this role.²⁶

Plastic film and flexible packaging (Questions 37 and 38)

With plastic film and flexible packaging comprising around a third of the plastic packaging placed on the UK market each year, we proposed that these materials should be added to kerbside recycling collections across the UK by 31 March 2025 for businesses and 31 March 2027 for households. This mirrored the dates proposed for England in the parallel consultation on Consistency in Recycling. We highlighted that front-of-store recycling is increasing, giving confidence that this can be a means through which producers can make early progress in increasing recycling of this packaging.

We asked whether stakeholders agreed or disagreed that LAs across the UK not yet collecting plastic films should start to do so by 31 March 2027. 968 responded: 65% agreed, 21% disagreed and 14% did not express an opinion. Some respondents were keen to avoid a situation where plastic films and flexibles attract high EPR fees due to being classed as not widely recyclable. There was support for expanding front of store collections and/or postal schemes as a preparatory step towards kerbside collections. Some LAs were concerned that the challenges associated with recycling plastic films and flexibles were unlikely to be addressed by 2027, citing the current shortfall in domestic sorting capability, meaning separate collection of these materials could be needed.

We also asked whether stakeholders agreed or disagreed that collections of plastic films and flexibles from non-household premises across the UK could be achieved by 31 March 2025. Of the 911 respondents, 54% agreed, 18% disagreed, and 27% were unsure. Some respondents raised concerns about the potential confusion if there were different approaches to collecting plastic films from homes and from workplaces. There was concern from some LAs that this would hinder co-collection of household and non-household recycling on the same collection rounds, which is both a cost efficient and environmentally efficient practice (as it reduces vehicle movements and therefore staff time, fuel consumption and emissions). However, some respondents felt that earlier introduction of collections from businesses would help establish the infrastructure and end markets ahead of collections from households.

²⁵ Official image of Recycle Now mark sourced from WRAP. A variation of this mark may be proposed for use on packaging that is not recyclable.

²⁶ OPSS was created in 2018 and enforces product regulation on behalf of BEIS and, case by case, other Government departments [Introduction to OPSS - delivering for others \(2\).pdf](#)

Decisions on plastic films

Recyclable plastic film and flexible packaging is to be collected for recycling from both households and businesses across the UK by 31 March 2027.

This requirement will be brought in under new or existing regulations in Northern Ireland by end of March 2027. The consistency in recycling regulations in England will require LAs, and other waste collectors, to collect recyclable plastic films from households and non-household municipal premises by this time. In Scotland, plastic film and flexible collection requirements will be taken forward through new or existing regulations, and appropriate review and update of the Scottish Household Recycling Charter's Code of Practice. The Recycling Collections Blueprint for Welsh Local Authorities will be updated to include the separate collection of plastic film. In addition, in Wales the Non-Domestic Premises Recycling Regulations are likely to include a requirement for the separate collection of plastic film. This decision is based in England on the responses to the Packaging EPR and Consistency in Recycling (England) consultations, and in other parts of the UK on the policy ambitions held by each of the Devolved Administrations.

In the lead up to this, existing kerbside, front of store and postal take back collections of plastic films for recycling will continue and are expected to increase in response to certainty over the timing of the introduction of this new collection requirement. Investment in new UK plastic reprocessing facilities can also be expected.

We are already seeing the sector respond to these reforms by investing in plastic reprocessing capacity. This includes a planned new facility in South Wales, along with UK Government investment of £20 million into four new facilities to support development of new plastic waste recycling technologies. Three of these include non-mechanical recycling plants to reprocess waste plastics, including film packaging, that are more challenging to recycle in traditional mechanical facilities.²⁷

As recycling develops and packaging designs change the types of packaging, including plastic films, that can be classed as recyclable in the UK and hence can be collected for recycling are expected to change. It will be possible to update each devolved administration's recycling regulations or equivalent arrangements to include those additional items.

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²⁷ Non-mechanical recycling is classed as recycling if the resulting oil or syngas is converted into a non-fuel product (such as replacing virgin plastic in new plastic products) and is classed as a recovery operation if used as a fuel or to create energy. Traditional mechanical recycling of plastics can be complemented by non-mechanical recycling technologies, increasing domestic capacity for reprocessing plastic waste including plastic film.

Compostable and biodegradable plastic packaging (Questions 39 and 40)

The consultation outlined that compostable or biodegradable plastic packaging would be labelled 'do not recycle' and attract higher fee rates under EPR, until infrastructure to appropriately manage it is in place UK-wide and sound evidence exists that it provides ecological or agricultural benefits to soils or digestate when properly broken down. We recognised that there is evidence that, when used at 'closed loop' events²⁸ where there is a means of collecting used compostable packaging to be taken for industrial composting, the use of compostable packaging could avoid packaging waste being disposed of in residual waste. Therefore, an exemption from the 'do not recycle' label for packaging used at such events was proposed, as well as retaining the option to consider a different approach, should the SA see a strong, evidence-based, case for this.

We asked whether stakeholders thought there should be an exemption from the 'do not recycle' label for compostable or biodegradable plastic packaging that is filled and consumed (and collected and taken to composting or anaerobic digestion facilities that accept it) in closed loop situations where reuse and recycling options are unavailable. Of the 952 respondents, 32% agreed, 53% disagreed and 16% neither agreed nor disagreed. Those disagreeing gave a range of reasons, including the importance of avoiding contaminating conventional recycling streams with compostable plastic, and contaminating soils or digestate with microplastics. Some considered there was weak evidence that closed-loop events cannot use re-usable or recyclable packaging instead of compostable, and that such a proposal would be unworkable in practice.

Some respondents advocated that this exemption should be extended to all compostable packaging, regardless of circumstance, with some also suggesting it should apply to only compostable packaging certified under the BSI EN1342 standard. Others advocated a label indicating compostability (whether certified or not), to avoid confusion and to help consumers understand how to dispose of that packaging. Some also noted that the appropriate infrastructure and/or research, and work to develop a label, should be carried out before such a label could be used. A small minority of respondents favoured banning biodegradable and compostable packaging altogether, arguing this would enable reusable packaging, and packaging capable of being recycled back into packaging, to be prioritised. Some respondents supported the continued use of compostable material for non-packaging applications such as tea bags and fruit labels. Overall, the greatest number of respondents that provided a reason for selecting disagree explained that they did so as they considered only a 'do not recycle' label should be used for this packaging.

We asked whether stakeholders thought any unintended consequences may arise from the proposed approach to modulated fees for compostable and biodegradable plastic

²⁸ Events where packaging such as food trays cannot be reused or made available for recycling and waste compostable packaging can be collected to be taken to be composted at a facility that treats the material.

packaging. Of the 918 respondents, 44% said yes, 24% said no, and 32% were unsure. The unintended consequences mentioned included:

- adverse effects on the compostable packaging industry such as reduced profitability or discouraged expansion of this market;
- discouragement of developing new types of biodegradable or compostable packaging, especially if modulated fees are set too high;
- incentivising producers to switch to alternative packaging options with a potentially higher carbon footprint or environmental impact; and
- the impact on the environment of micro-plastics from any increased use of biodegradable or compostable packaging.

Decisions on compostable and biodegradable plastic packaging

Until the infrastructure and evidence base can be improved, compostable and biodegradable packaging must have the 'do not recycle' label applied. Further evidence is needed to consider the disposal of compostable packaging via composting under industrial conditions as recycling, including independent evidence of the benefit to soils and land obtained by incorporating compostable packaging into compost or digestate. We will consider supporting an alternative approach should the SA see a strong, evidence-based, case for doing so.

As part of its role in determining producer fees and modulating these fees, the SA will need to engage with the compostable and biodegradable packaging sector to ensure an appropriate fee is set.

Payments for managing packaging waste

Necessary costs (Question 41)

We proposed that the definition and scope of necessary costs include all efficient and effective waste management services needed to deliver scheme objectives. Further, we proposed that all reasonable and proportionate-to-packaging operational and support costs should be included. A table detailing the broad necessary costs that could be covered by that definition and scope was provided (e.g. bins, vehicles, transport, waste sampling and communications to households).

We asked whether stakeholders agreed or disagreed with the proposed definition and scope of necessary costs. Of the 971 respondents, 54% disagreed with the scope, 34% agreed and 14% neither agreed nor disagreed. Those who agreed said the costs in scope were fair and aligned with the principles behind extended producer responsibility. Those who disagreed either stated that the definition was too broad and subjective or did not

cover all costs they thought were necessary. Many (primarily producers) expressed concern that it is unfair to burden producers with litter management costs as they should not be punished for offences committed by others. Some respondents (primarily producers) felt there would be high costs compared to other countries, either due to the broadness and subjectivity of the proposed definition, and some (primarily LAs) that it could have underfund LAs who need to transition to new systems and bear costs associated with contract changes. Some respondents that disagreed (primarily LAs) stated that they agreed in principle but either had concerns about the definition and scope or made suggestions for changes or inclusion of costs. Suggested activities incurring costs to be included were the costs of transitioning to new collection arrangements; the costs of making other changes (e.g. to contracts and sorting infrastructure); and enforcement costs incurred by LAs related to the collection of waste as required under legislation.

Decisions on necessary costs

Necessary costs will apply to the collection and management of packaging waste produced by households through consideration of effective and efficient services. Details on litter and business packaging waste streams are set out in the 'Litter Payments' and the 'Payments for management of packaging waste arising from businesses' sections.

We will take forward the broad scope of costs for household packaging proposed in the consultation and set those out in regulation, with some exceptions. Costs in scope must be necessary in collecting, managing, recycling and disposing of household packaging and connected to the delivery of efficient and effective systems. Not all LA costs incurred will be necessary in that they could be considered unnecessary or unreasonable in delivering services in an efficient and effective way. This will depend on the circumstances in which that cost has arisen.

The SA will determine which costs are necessary and reasonable in recycling and disposing of packaging waste, linked with their assessment of efficient and effective systems, in consideration of national policies and local circumstances. The SA will also be required to engage with LAs, producers and other relevant stakeholders and seek agreement from Ministers where appropriate (dependent on scheme governance arrangements). Costs that go beyond those incurred by a LA in delivering their services related to packaging are not considered in scope (e.g. financial rewards or incentives).

Producers will not be required to fund costs that relate to statutory enforcement action related to non-compliance with separate collection and recycling requirements. Should any additional costs be incurred through this route they will be considered as part of the new burdens funding process in England, or equivalent processes in each Devolved Administration.

The decisions taken by the SA in determining necessary costs will need to be transparent, fair and in accordance with the regulations, with an appropriate appeals process in place. The Government will consider further what appeals process will be necessary.

Payments to local authorities for waste from households (Questions 42 to 50)

We proposed that those LAs that operate good practice, efficient and effective waste management systems will have the full net costs of managing packaging waste from their households met through EPR payments. We suggested that per tonne payments calculated from modelled archetypes of efficient and effective systems, along with the establishment of performance benchmarks based on similar authorities, could be a feasible approach to calculating the level of payments. We explained that the SA will be responsible for determining the specific approach for calculating the costs associated with the disposal of household packaging waste. We proposed that the SA works with LAs to understand local and national circumstances and tailor payment arrangements accordingly, while also keeping in mind the wider costs to producers and consumers across the UK.

The consultation also set out:

- that household packaging waste payments should be net of material income
- that payment incentives could be used to support LAs to meet performance benchmarks and encourage increased recycling
- that unallocated payments, not paid to a local authority through incentive adjustments based on performance benchmarks, could be raised and used to support lower performing LAs or be used for wider LA innovation/ investment
- that residual payments should be calculated using modelled costs of efficient and effective systems based on the average composition of packaging waste within the residual stream
- that in a two-tier area (England only), payments should be made directly to the authority that incurs the costs.

We asked whether stakeholders agreed or disagreed that payments should be based on costs of good practice, efficient and effective systems, and relevant peer benchmarks. Of the 963 respondents, 76% agreed, 18% disagreed, and 7% were not sure. Some respondents raised concerns in relation to a lack of detail on how the efficient and effective costs and benchmarks would be calculated and set through a modelled approach. LAs also raised concerns about ensuring that they receive technical support and payments to cover the costs in transitioning to the efficient and effective systems.

We also asked whether stakeholders agreed or disagreed that the per tonne payment to LAs for packaging materials collected and sorted for recycling should be net of an average price per tonne, for each material collected. Of the 916 respondents, 63% agreed with

deducting average material value from total costs to calculate net costs, 23% disagreed and 15% neither agreed nor disagreed. Those who disagreed raised concerns that this could disincentivise LAs from becoming efficient and reward inefficiencies.

We asked whether stakeholders agreed or disagreed that the SA should be able to apply incentive adjustments to LA payments to drive performance and quality in the system. Of the 930 respondents, 79% agreed, 7% disagreed, and 14% neither agreed nor disagreed.

We asked whether stakeholders agreed or disagreed that LAs should be given reasonable time and support to move to efficient and effective systems and improve their performance before incentive adjustments to payments are applied. Of the 931 respondents, 75% agreed, 15% disagreed and 10% neither agreed nor disagreed.

We sought views on whether individual LAs should be guaranteed a minimum proportion of their waste management cost regardless of performance. From 940 respondents, 54% disagreed, 35% agreed and 11% were unsure. The concerns raised focused on the entire system being based on performance and not wanting to pay for poor performance. Those that agreed with this proposal, however, stated that it would be beneficial in providing a level of certainty and security in LA budget setting, contract management and investments, and help to deliver efficient and effective systems and meet performance benchmarks.

We asked whether stakeholders agreed or disagreed that there should be incentive adjustments or rewards to encourage LAs to exceed their modelled recycling benchmarks. Of the 930 respondents, 76% agreed, 13% disagreed, and 11% neither agreed nor disagreed. Those who agreed felt that incentives would be an encouragement to LAs leading to greater levels of recycling. Some respondents didn't see this as fair and were concerned that LAs that exceeded their recycling performance benchmarks and were already receiving a higher income would receive additional payments, whereas LAs that were not meeting performance benchmarks and who needed additional income and support would not receive any.

We asked whether stakeholders agreed or disagreed that unallocated payments should be used to help LAs achieve recycling performance benchmarks and contribute to extended producer responsibility outcomes through wider investment and innovation, where it provides value for money. Of the 930 respondents, 67% agreed, 20% disagreed, and 13% neither agreed nor disagreed. Some respondents commented that they did not understand how there could be unallocated payments in the system if LAs are paid based on their performance.

We asked whether stakeholders agreed or disagreed that payments for residual waste should be calculated using modelled benchmark costs of an efficient and effective system, based on the average proportion packaging makes up of the residual waste stream. Of the 867 respondents, 61% agreed, 24% disagreed, and 15% neither agreed nor disagreed. Some respondents raised concerns about using average composition, particularly the amount of compositional analysis that would be required to establish robust data on which to calculate these averages. Some also suggested that costs should eventually be based

on the actual composition of residual waste in each local authority area because it varies between authorities.

We asked whether stakeholders agreed or disagreed that a disposal authority within a two-tier authority area (England only) should receive the disposal element of the residual waste payment directly. Of the 854 respondents, 64% agreed, 2% disagreed, and 34% neither agreed nor disagreed. Many respondents felt that authorities within a two-tier system should receive the payment directly as they incur the relevant costs, although some note that it is important that residual data is calculated based on up-to-date costs.

Decisions on local authority payments for waste from households

The SA will be required to distribute payments to LAs for the full net disposal costs of providing efficient and effective systems for managing household packaging waste and to demonstrate how these costs reflect local circumstances and policy outcomes in each devolved administration of the UK. In doing so the SA will be expected to monitor and report on the broad cost parity between comparable LAs in each devolved administration to ensure the fair treatment of producers and consumers across the UK. Where new devolved administration level policies are introduced and these result in cost divergences between devolved administrations, the SA will seek collective agreement from the UK Government and devolved administrations before applying changes to payments.

We will set in regulations a requirement for the SA to set out how it proposes to calculate costs associated with efficient and effective services, both for the recycling and residual household packaging waste streams, and what considerations should be made in assessing efficient and effective systems and LA performance (e.g. fair, objective, transparent, good practice waste management systems, local circumstances (geography, rurality, deprivation), and regulatory requirements and abilities of LAs etc). The SA will be responsible for determining the approach to calculating payments, in accordance with the regulations.

The SA will have the ability to model the costs of efficient and effective systems or use actual costs in future, where these relate to packaging waste management costs and reflect efficient and effective systems.

Where a LA collects tonnage above modelled efficient and effective performance benchmarks and incurs additional costs, we will make provision for the SA to review the LAs costs and performance and agree to cover any additional necessary costs incurred by an LA in exceeding their benchmarks.

We will make provisions for the SA to assess whether a LA is delivering an efficient and effective waste management system in calculating their costs. We will also make provision for the SA to adjust a LA's payment where they consider a LA is not delivering against reasonable cost and performance benchmarks of efficient and effective systems. We will make provisions in the regulations for an appeals process.

We recognise a majority of respondents supported the proposal that unallocated payments in any year, associated with incentive payment reductions, could be held and used by the SA to support LAs in achieving performance benchmarks and to develop their services. However, we will not take these proposals forward as set out in the consultation as we believe they go beyond the scope of necessary costs incurred by a LA.

The SA will need to demonstrate that they have engaged with individual LAs in assessing costs and calculating payments and provide them with support, guidance, and a reasonable period to achieve efficient and effective system performance benchmarks before adjusting payments to reflect the delivery of efficient and effective systems, in consideration of local circumstances and relevant national waste policy. We expect that a LA should receive their full net costs where they have taken all reasonable steps to establish effective and efficient systems. The SA will need to demonstrate that the method used to calculate performance benchmarks is sufficiently robust before considering adjustments. As a result, adjustments, where used, should not be applied in the first year of EPR implementation.

Payments will be made directly to the LA that incurs costs associated with their waste management functions, with disposal authorities in two-tier areas (England only) receiving the disposal cost element of the residual payment, unless other arrangements have been made between authorities. Payment timings are discussed further in the payment cycle section.

To ensure the SA has the data necessary to calculate LA payments, the SA will be able to request LAs to provide accurate and timely data to support their payment functions, with LAs able to recover reasonable costs in providing that data. Where an LA fails to provide this information, or the SA has concerns about the accuracy of the data provided (and the LA cannot provide sufficient evidence to address these concerns), the SA will have the ability to base payments on the data and evidence they have available. We will continue to engage and work with the sector and LAs in advance of the EPR implementation date to ensure the SA's proposed approach to modelling full net costs under conditions of effectiveness and efficiency is transparent, reliable, and reflective of local circumstances and actual costs borne by LAs.

Payments for management of packaging waste arising from businesses (Questions 51 to 55)

We outlined proposals to develop a system of full net cost payments for the collection, sorting and recycling of packaging waste generated by businesses and public sector organisations. We asked whether stakeholders agreed or disagreed that there remains a strong rationale for making producers responsible for these costs. Responses were fairly even, with 47% of the 971 respondents agreeing and 44% disagreeing (9% of respondents neither agreed nor disagreed). A large majority of local authority respondents agreed that producers should be responsible for these costs.

We also asked whether stakeholders agreed or disagreed that all commercial and industrial packaging should be in scope of the producer payment requirements except where a producer has the necessary evidence that they have paid for its management directly. Of the 933 respondents, 76% agreed, while 15% disagreed and 9% neither agreed nor disagreed.

We sought views on three potential options for introducing payment arrangements that would more closely align an individual producer's payment obligation for the packaging that it places on the market. Responses to the consultation highlighted the complexity of developing such an approach: of the 927 respondents, 56% said they did not know enough to be able to choose a preference of the three options and, of the remaining responses to this question, option 2 gained the most support (21%). Similarly, of the 902 respondents that answered an additional question, 63% noted that they strongly disagreed with one or more of the three options. Respondents raised concerns around the proposals, including the impact on existing commercial relationships and/or small and independent recyclers, as well as the potential burden the approach could place on the SA. Some raised concerns about the risk of fraud or unintentionally driving the focus towards (or away from) specific material types.

We also asked whether stakeholders thought there would be any issues with not having either Packaging Waste Recycling Notes (PRNs)/Packaging Waste Export Recycling Notes (PERNs) or the business payment mechanism (and as a result recycling targets) in place for a short period of time. Of the 914 respondents, 47% said that there would be issues, 17% said that there would not, and 35% were unsure.

Following the consultation, we have concluded that, since there is no immediate viable solution for implementing payments from 2024, and given the current uncertainty within the data, an interim solution will be taken forward.

Decision on payments for managing packaging waste arising from businesses

We will introduce an interim solution for managing packaging waste arising from businesses. This will be based around the current system, whereby packaging producers purchase PRNs and PERNs to demonstrate recycling obligations have been met for the packaging they have placed on the market, and to support investment in reprocessing, but with a shift to a single point of compliance as set out earlier in this response.

We will establish a taskforce, with the involvement of producers, LAs and the waste sector, to continue to improve data and develop and review options for payments for business packaging waste, ahead of a review in 2026/27.

This approach recognises that other elements of our packaging reforms (full net cost payments for household packaging, modulated fees, mandatory labelling, enhanced communications, etc) address many of the shortcomings of the current producer responsibility system. However, Government recognises there may be scope for further, more minor improvements to the functioning of the PRN system and has published a consultation on these improvements alongside this response,²⁹ with a view to having legislated for any identified improvements in advance of EPR commencing in 2024.

In continuing the PRN system, Government recognises there is a risk, particularly for aluminium but also plastic, that even at a 90% DRS collection rate, DRS materials collected with EPR packaging, could undermine the effective functioning of the PRN market. If reprocessors and exporters are not able to clearly and robustly exclude DRS containers that remain mixed with EPR material when issuing PRNs/PERNs this could result in the oversupply of evidence, and therefore suppress PRN prices which in turn could lead to reduced necessary investment in domestic reprocessing. As a result, we will consult on the likelihood of this occurring and options to address it. We will also require DRS obligated producers to report the tonnage of DRS material they place on the market in 2023 to ensure necessary data is available to monitor and address potential impacts on the PRN market.

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This interim solution will follow the approach taken under the current system, whereby target recycling rates are set for each material type as set out in Table 1, and producers purchase PRNs/PERNs as evidence that they have met their obligations. A single type of PRN will apply to all packaging waste in a broad material category (i.e. the category against which a packaging waste recycling target is set), with no distinction between

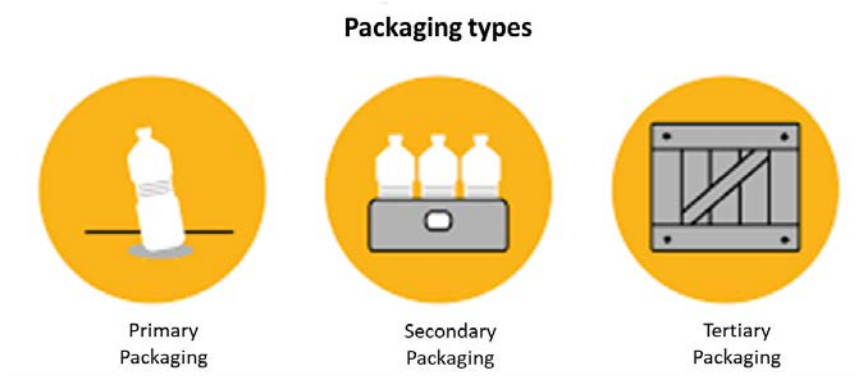
²⁹ <https://consult.defra.gov.uk/packaging-extended-producer-responsibility>

household, and commercial and industrial packaging waste. Producers will be required to purchase PRNs to demonstrate that they have met their recycling obligations; this will represent a partial cost payment for the recycling of both household and business waste, as it does at present.

Producers that place packaging on the market that is 'likely to end up in households' will also make a payment to the SA, to bring their contribution for the management of household packaging up to full net cost.³⁰ This approach ensures that producers' full net cost obligation is met for household waste, whilst allowing for some money to continue to go directly to reprocessors, thereby ensuring they are not paying twice.³¹

To enable this, producers will be required to report on the tonnage of primary, shipment (e.g. boxes and mailing bags (or similar) associated with online sales to the end consumer), secondary, and tertiary packaging they place on the market and, when reporting on the primary and shipment packaging, will report how much is likely to end up in households (and, by implication, how much is likely to end up in businesses).

Figure 1: Examples of stages of packaging



Such approaches exist in other countries with mature EPR schemes. Government will undertake a rapid review of these approaches in 2022 to establish the extent to which the advice, guidance, and protocols available to producers in other countries could be adopted for use in the UK. Where feasible, we will seek to have such advice, guidance, and protocols in place by the end of 2022 to support producer reporting, focussing on areas with the highest tonnages to reduce uncertainty. Where this is not possible, the assumption will be that all primary and shipment packaging is likely to end up in households except where producers clearly and convincingly evidence this was not the case.

³⁰ The additional payment is the collective modelled system cost for household waste, minus the price paid by reprocessors for the recyclates (which incorporates the value of the PRN that the obligated producer has purchased separately).

³¹ This is considered further in Annex F of the final impact assessment.

In future years the SA, compliance schemes, and producers would be able to submit evidence to regulators to inform the development of protocols for different packaging types.

Self-managed 'back of store' packaging will be eligible for a PRN/PERN as now.

Data reporting to support payments (Questions 56 to 65)

We set out in the consultation the importance of LAs and material facilities (MFs) that receive and handle packaging waste collating and reporting packaging data for EPR purposes including for calculating payments. We proposed that MFs referred to as 'First Points of Consolidation' (FPOC) would be required to seek accreditation for EPR purposes and report on packaging collected, managed, and recycled.

We proposed that sampling and compositional analysis methodologies that reflect packaging requirements should be introduced through amendments to the existing material facility sampling regulations (MF Regulations) in England, Wales (Part 2 of Schedule 9 of the Environmental Permitting Regulations (England and Wales) 2016, and Scotland (Code of Practice on Sampling and Reporting at Materials Recovery Facilities) and for incorporation into new or existing regulations in Northern Ireland.

In presenting this option, we suggested that the existing MF Regulations' de minimis threshold would need to be removed or changed, and the scope of obligated facilities widened to not only include Material Recovery Facilities (MRFs) receiving 1000 tonnes of mixed waste annually but 'FPOC' and MFs managing source separated streams, to reduce gaps in collection data for EPR payment purposes. A definition of FPOC was suggested.

We included a proposed list of material categories to sample against and suggested that frequencies of sampling would also need to increase to improve the accuracy and increase the confidence in data for EPR purposes, and that we were considering frequencies ranging from eight tonnes to 25 tonnes. We also suggested that we may want to consider using existing packaging proportion protocols for MFs that accept source segregated streams, and in the longer-term to adopt the use of visual detection technologies to obtain the data and reduce the sampling burden. We presented high-level cost estimates for implementing a new regime and stated that further work was being done to develop and test the MF sampling methodology proposed to better understand the possible costs, impacts and constraints. We also proposed that minimum material output quality standards could be introduced at MFs to support the EPR objective to increase the quality of packaging waste for recycling.

We asked whether stakeholders agreed or disagreed with the proposal to introduce a sampling regime for packaging waste as an amendment to the MF Regulations in England, Wales and Scotland and incorporation into new or existing regulations in

Northern Ireland. Of the 906 respondents, 74% agreed with the proposals, 3% disagreed, and 24% neither agreed nor disagreed.

We asked whether stakeholders agreed or disagreed with the proposal to require all FPOCs to be required to sample and report in accordance with a new packaging waste sampling and reporting regime. Of the 886 respondents, 71% supported the proposals, 8% disagreed and 21% neither agreed nor disagreed.

We asked whether stakeholders agreed or disagreed that the existing MF Regulations' de minimis threshold of facilities that receive 1,000 tonnes or more per annum of mixed waste material would need to be removed or changed to capture all FPOCs and MFs managing source segregated streams. Of the 838 respondents, 74% agreed with this proposal, with 2% disagreeing and 24% neither agreed nor disagreed. Key concerns raised were in relation to the upgrades and changes that may be required to meet these new regulations and associated financial burdens, especially for smaller facilities.

We asked whether the proposed list of materials and packaging formats should form the basis for the manual sampling protocol. Of the 849 respondents, 45% supported the proposal, 31% disagreed and 23% were unsure. Concerns raised included the categories alignment to modulated fees, challenges in sampling packaging and sampling costs being underestimated. Suggestions included:

- the inclusion of additional plastic polymers, films and flexibles, foams, paper cups and fibre composites, wood, aerosols, and listing steel and aluminium separately;
- distinguish between EPR and DRS materials; and
- finalise following review of costs and implications.

We asked whether stakeholders thought it was feasible to implement more rigorous sampling arrangements within 6-12 months of the regulations being in place. Of the 850 respondents, 41% agreed with this timescale, 18% disagreed, and 41% were unsure. Some respondents perceived 6-12 months to be an excessive amount of time, whereas others felt more time would be needed. Key concerns raised were that smaller facilities would struggle to meet the requirements within this time period, and that the tasks required of some facilities (hiring and training staff, purchasing infrastructure, obtaining planning permission) could not be achieved within 12 months.

We asked whether stakeholders thought visual detection technology should be introduced from 2025 to further enhance the sampling regime. Of the 845 respondents, 62% agreed, 5% disagreed and 32% were unsure. Those who supported the proposal stated it could improve recycling rates in a cost-efficient manner in the long term, minimising reliance on manual sampling. Concerns expressed included the feasibility, financial viability, reliability and accuracy of the technology being clearly proven before having to use the technology, with some also concerned about the suggested introduction timeline of 2025.

We asked whether packaging proportion protocols, used by reprocessors and exporters currently, would provide a robust and proportionate enough system to estimate the packaging content of source segregated materials. Of the 1,031 respondents, 45% agreed

they could, a further 24% responded “yes with refinement”, 29% were unsure, with only 2% disagreeing. Concerns raised included that the current packaging proportion protocols are outdated and do not accurately reflect current practices or the potential impact of Covid-19 on consumer behaviours. Some respondents also expressed concerns that current protocols are not robust enough to counter fraudulent activities nor indicate contamination within these streams, with suggestions that further analysis of the existing protocols and their suitability going forward should be undertaken and supported through regular reviews.

We asked whether stakeholders agreed or disagreed that minimum output material quality standards should be set for sorted packaging materials at a material facility. Of the 899 respondents, 79% agreed that minimum quality output standards should be introduced at MFs; 6% disagreed and 16% neither agreed nor disagreed. Supporters of the proposal cited the protection of the sector long-term and ensuring high standards in packaging recycling and that it could help in understanding how quality flows through the system. However, this was opposite to the responses received when engaging with stakeholders (waste management companies, LAs, material representative groups and reprocessors) during the consultation period; these stakeholders saw little value in setting minimum output standards where commercial specifications were required to be met, stating that commercial arrangements were the best way to drive quality. Where they did mention benefits, they also highlighted the difficulties in enforcing these standards.

Key concerns expressed in response to this consultation included that having to meet standards would increase the costs to MFs and collectors, especially where higher than or different to commercial specifications; that decisions about acceptable material quality should lie with the reprocessors; and that we should not hinder recycling by closing off markets where lower standards are acceptable. Views were also expressed that setting standards could inhibit innovation in the resource management system at a time when there is likely to be substantial change. Questions were asked about how quality would be measured and how standards would be set.

In the light of the consultation response, we initiated a project to further assess the feasibility and costs of implementing these more rigorous sampling arrangements. This project involved trialling an enhanced sampling regime at a small number of MFs and asking facilities to respond to cost surveys, providing estimates of the cost of meeting the current MF Regulations and what it would cost to meet the proposed enhanced EPR sampling regime. We further assessed what an appropriate sampling frequency would be to obtain robust data for EPR purposes. We tested increasing the sampling frequency to a 60kg sample every 25 tonnes, in accordance with the consultation proposal, and assessed the impacts to both material facilities costs and service delivery as well as the accuracy and confidence in the data generated.

The outcomes of the trial and cost surveys suggests that the cost and burdens on smaller facilities to implement an enhanced sampling regime (especially below 1,000 tonnes of input) are disproportionately higher compared with larger facilities. The feedback and results

from the trial also supported the view that smaller facilities and those not currently within scope would require at least 12 months to meet the sampling requirements.³²

Decisions on sampling and reporting

We will amend the existing MF Regulations for England, Wales and Scotland based on the proposals set out in the consultation. Sampling and reporting amendments made for England, Wales and Scotland will be incorporated into new or existing regulations in Northern Ireland.

We will not, initially, place any accreditation requirements on FPOCs under the EPR regulations because the new and amended MF Regulations will ensure essential EPR data required from MFs, including FPOCs, is captured. Subsequently, FPOCs will not be required to obtain proof of recycling from reprocessors or exporters, at this time.

We will amend the FPOC definition we proposed in the consultation to reflect that only MFs that receive waste from multiple suppliers or third parties and undertake the first weighing, bulking or sorting processes on that waste, will be defined as a FPOC for EPR purposes. In other words, if a MF receives and manages waste from only one supplier or a local authority only manages its own waste, it is not a FPOC.

FPOCs and other MFs that receive either mixed dry recyclate and/or source separated recyclate will be brought within scope of the amended regulations and required to meet the enhanced sampling requirements.

Depending on the waste streams received and processes undertaken (bulking and/or sorting) at a MF, input and output sampling requirements will differ. We will not require output sampling to be undertaken by MFs who do not undertake sorting processes, and only bulk the waste received.

We will retain the current de minimis threshold for sampling of 1,000 tonnes of input. This is due to the disproportionate costs that would fall on smaller facilities and is despite the fact that most respondents supported removing or reducing it. This is subject to future review once more robust sampling data becomes available.

We will amend the list of material categories which must be reported to align with that set out in the consultation, with the inclusion of separate categories for paper, cardboard, plastic films and flexibles, plastic bottles, plastic pots, tubs and trays, wood, food and beverage cartons (and other similar composites), aluminium, steel, and DRS materials.

³² This report can be accessed here: <https://wrap.org.uk/resources/report/measuring-impact-enhanced-sampling-and-reporting-extended-producer-responsibility>

We recognise the difficulties and health and safety concerns identified in being able to distinguish between glass packaging and non-packaging and between EPR glass and DRS glass. We are considering developing a separate sampling methodology for glass that addresses these concerns and will engage further with industry to assess the options. For example, removing the need to distinguish between packaging and non-packaging glass and/or introducing proportion protocols instead of manual sampling). This needs to be assessed alongside the need for more accurate data on packaging proportions.

We will increase the sampling frequency from 60kg every 125 tonnes to 60kg every 75 tonnes. This will ensure more accurate data on packaging content to support EPR, whilst considering the additional burdens placed on MFs and potential impacts to service delivery. We will review the sampling frequency alongside the review of options for business payments in 2026/27 once more robust sampling and costs data becomes available. We are minded to require facilities managing source separated waste streams to also sample at a frequency of 60kg every 75 tonnes of input. However, we will undertake further analysis and engagement with industry into whether a reduced sampling frequency or material specific sampling frequencies at these facilities may be more appropriate.

We will not require the use of reprocessor and exporter waste proportion protocols at this stage, given the need to obtain more robust packaging data at an individual supplier level to support EPR payments.

We will not set a specific date for the introduction of visual detection technology at this stage. Instead, we will provide the option to use this to support manual sampling requirements where it can be evidenced that they meet or exceed the manual sampling requirements and reporting can occur in a consistent, verifiable manner. This may provide an option to reduce manual sampling requirements and associated costs and burdens. Setting a requirement to use visual detection for sampling is also subject to review alongside the review of options for business payments in 2026/27 once more robust data on the technology, costs and data accuracy, in comparison to manual sampling, is available.

We are planning to take a phased approach to the introduction of the new sampling and reporting requirements to obtain better data on packaging composition as soon as possible to support EPR. We expect MFs currently within scope of the existing MF Regulations in England, Wales and Scotland to meet the new requirements within 6 months of the regulations coming into force, with all MFs in scope being required to meet the regulations within 12 months of them coming into force, which will include those in Northern Ireland. This phased approach will provide MFs not currently in scope a little more time to prepare. We are expecting the regulations to come into force in 2023.

We will not introduce minimum output quality standards at MFs at this time. Whilst we recognise the strong support for this proposal from the consultation, we do not wish to inadvertently create market barriers or stifle innovation when the impacts of EPR measures on packaging quality are not yet fully understood. Minimum quality standards will be considered once consultation and research has been undertaken as to how standards could be developed and set, and how packaging quality has been impacted by EPR measures. We will also explore the regulatory challenges of implementing standards.

We will continue to work with and encourage the sector, and SA once established, to lead in the development of voluntary standards that could be used to guide material facilities and waste managers in improving the quality of packaging waste for recycling. Industry groups are already working together on the development of voluntary standards, which could provide a basis for minimum standards in future.

Reporting and payment cycles (Questions 66 and 67)

We asked whether payments to local authority should be made quarterly in arrears, on a financial year basis, and whether payments should be calculated based on the previous year's packaging placed on the market and waste tonnage data. Reasons for these proposals included the alignment with packaging placed on the market reporting, time required to submit and validate waste tonnage data, the speed at which data flows through the system, flexibility to accommodate adjustments and provision of certainty for financial accounting purposes.

We asked whether stakeholders agreed or disagreed that payments to LAs should be made quarterly, on a financial year basis. Of the 863 respondents, 71% agreed, 5% disagreed and 24% neither agreed nor disagreed. Many respondents expressed broad support. Some expressed concern that the timeline was unrealistic, the payment cycle too complicated, and that payments in arrears could negatively impact local authority funding, especially during the transitional period required to implement efficient and effective systems and meet performance benchmarks. Some suggested annual payments to reduce administrative burden.

We asked whether stakeholders agreed or disagreed that household and business packaging waste management payments should be based on the previous year's tonnage data. Of the 863 respondents, 75% agreed, 8% disagreed and 17% neither agreed nor disagreed. Those in support stated it would provide greater cost certainty to producers and enable due diligence to be carried out. Some local authority respondents suggested that they would support this proposal but only where a 12-month rolling dataset could not be used. Some respondents were concerned that the previous year's data wouldn't account for in-year, unexpected or seasonal changes, and that the first year of implementation would be difficult to fund. Suggestions included basing payments on forecasts at the beginning of the year and then having a payment at the end of the year for redress. Some

suggested that the approach could be used initially and reconsidered once the system is implemented.

Decisions on payment cycles

We will require producers to pay disposal fees quarterly from April to March based on the packaging they placed on the market in the previous calendar year.

We will require that LAs are paid for managing household packaging waste quarterly in arrears, on a financial year basis, with payments to be determined from 1 April 2024. Payment arrangements for the first year may differ (e.g. two bi-annual payments) depending on when the SA can mobilise, producers start reporting and producer fees are invoiced.

We will require the SA to forecast the payments each local authority can expect to receive annually before the end of the preceding calendar year, providing LAs notice to ensure they have time to plan their budgets.

The SA will decide what data will be used in determining LA payments through a transparent process, in accordance with the regulations. The SA will be expected to work with LAs to base payments on up-to-date information. However, this will need to take account of the time it takes to gather and verify data, model costs of efficient and effective systems, and provide producers and LAs with annual projections of their fees and payments in advance of a new financial year.

Litter payments (Questions 68 to 72)

We proposed that producers of 'commonly littered' packaging items would be made responsible for the costs directly attributable to their clearance and treatment. We suggested that making packaging producers responsible for the costs of clearing littered packaging (currently borne by LAs) would create a clear incentive to reduce packaging in general and, in particular, the amount that ends up as litter. We proposed that producers should be required to cover the costs of managing packaging waste in on-the-go bins and cleared from the ground, and that they should fund measures to help prevent litter. We also sought views on which producers should be obligated (to ensure costs are fair and proportionate), and which bodies that provide services should be in receipt of payments, including whether this should include a) bodies who manage accessible private land and b) voluntary groups.

We asked whether stakeholders agreed or disagreed that the costs of litter management should be borne by the producers of commonly littered items, based on their prevalence in the litter waste. Of the 945 respondents, 50% agreed, 42% disagreed and 7% neither agreed nor disagreed. There was support for the establishment of a list of 'commonly littered packaging items' to use as a basis for apportioning costs to producers, with some

respondents favouring identifying individual brands to provide a stronger incentive for producers to address littering of their packaging. There was some concern that this approach would not lead to an overall reduction in litter or tackle littering behaviours, with some respondents suggesting that more enforcement is required and/or specific targets relating to reducing littering.

We asked which duty bodies (in addition to LAs) stakeholders thought should also receive full net cost payments for managing littered packaging. Respondents could choose more than one answer from a range of options.³³ Of the 883 respondents, 48% selected the 'none of the above' option, suggesting they thought only LAs should receive litter payments. There was some support for litter authorities (39%), other duty bodies (31%), and statutory undertakers (30%) also receiving payments. Making payments to 'any others' received some support (19%); suggestions included anyone who incurs costs from managing litter or has an obligation to clear it, voluntary and community organisations, schools, and landowners.

We asked whether stakeholders agreed or disagreed that producers should contribute to the costs of litter prevention initiatives and management activities on other land (i.e. land that no-one has a statutory duty to keep clear of litter). Of the 940 respondents, 53% disagreed, 40% agreed and 7% did not express an opinion. Many respondents expressed concerns regarding producers bearing responsibility for the costs of litter prevention and management on land not subject to statutory clearance requirements, rather than the perpetrator or landowner. Similarly, many suggested that it is the responsibility of landowners to prevent littering through providing waste disposal facilities, and that they should at least share the costs of litter payments with producers.

We asked whether stakeholders agreed or disagreed that local authority litter payments should be linked to improved data reporting. Of the 912 respondents, 64% agreed, 5% disagreed and 31% did not express an opinion. Those who agreed suggested that linking local authority litter payments with improved data reporting would ensure a clear process for collecting data and that support is provided to geographical areas with challenges such as high deprivation. We asked those who disagreed to explain why: some of the 377 respondents to this question were concerned that the proposal focuses only on EPR packaging and not on other types of litter, though they acknowledged that recording a mix of litter would be challenging, with assessments potentially becoming 'subjective' based on the built environment or demographics of the area. Other concerns included the operational cost of capturing data, inaccurate data, and a general lack of standardisation and objectivity surrounding data systems.

We asked whether stakeholders agreed or disagreed that payments should be linked to standards of cleanliness over time. Of the 902 respondents, 55% agreed, 20% disagreed

³³ These included other duty bodies, litter authorities, and statutory undertakers, as well as 'none of the above' and 'any others' (whereby respondents could then specify a duty body).

and 25% did not express an opinion. Those who agreed felt the proposal would incentivise councils to improve their cleanliness which could lead to less littering. Those who disagreed were asked to explain why, with most of the 372 respondents being concerned about where responsibilities should lie; many questioned the control LAs have over the amount of litter dropped, and some felt producers should not be held responsible. Some were concerned about the associated cost for LAs and felt preventative methods would be more effective. Various suggestions were put forward, including distinguishing between packaging and non-packaging litter in the cleanliness measurement, linking payments to enforcement activity, and measuring performance of LAs against comparative LAs.

Decisions on litter payments

We will regulate to require producers to cover a) the cost of communications activities aimed at preventing packaging from being littered, and b) the costs of managing packaging likely to be disposed of in street bins.³⁴ The four administrations will review progress in reducing the volume of packaging disposed of in street bins and littered on the ground in 2026/27 and consider any further workable steps that can be taken on a UK basis. This position reduces the complexity of the EPR scheme to be introduced from 2024 and reduces burdens on producers.

The Scottish and Welsh Governments remain committed to the position set out in the consultation: that the cost of clearing packaging from the ground (referred to as 'ground litter' in the consultation) is included in producer costs, reflecting producers' responsibility for packaging design and material choice, and that this obligation would incentivise producers to reduce the amount of single-use packaging and take other steps to prevent litter arising. Alongside this, bodies and organisations beyond just local authorities would be able to benefit from this funding for litter prevention campaigns or local litter picks. Northern Ireland will keep litter payments under review with a view to wider implementation in the future. The UK government is concerned about the added complexity of EPR and additional burden on producers that would be brought about by transferring the cost of littering from taxpayers to producers; we will review the situation in 2026 and consider additional measures if these are needed.

To deliver the position set out in the consultation, the Scottish and Welsh Governments are considering steps to obligate producers in respect of these costs, where this packaging is placed on the market in Scotland and Wales respectively and will set out their intentions in detail in due course. The four administrations agree that the appointed SA will deliver these functions, subject to the following:

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³⁴ These are bins that are managed by a local authority.

- Any approach adopted will ensure that costs for managing ground litter are limited to packaging placed on the market in Scotland and Wales only;
- Any approach adopted has been developed in liaison with the packaging producers obligated; and
- Delivery of the UK-wide scheme from 2024 is prioritised.

Scotland and Wales will lead on developing detailed proposals for how this could work. All four governments commit to use the Resources and Waste Common Framework to support this process, including tackling any obstacles to successful delivery.

Scheme Administration and Governance

Options for scheme administration (Questions 73 to 83)

We set out two options in the consultation document for scheme administration. Option 1 was for a single SA that would be responsible for administering the waste management ('disposal') cost requirements and for compliance with recycling obligations on behalf of their producer members. Option 2 was for a SA and compliance schemes, where the SA is responsible for those functions considered to benefit from a consistent UK-wide approach including administering disposal cost payments for packaging waste from households, and compliance schemes are responsible for managing producer obligations relating to non-household packaging (business) waste and recycling.

We asked whether stakeholders agreed or disagreed that the functions relating to the management of producer obligations in respect of household packaging waste and litter (i.e. relationship with LAs) should be managed by a single organisation. Of the 952 respondents, 83% agreed, 9% disagreed and 8% did not express an opinion.

We also asked which approach stakeholders prefer (Option 1 or Option 2). Of the 1,026 responses, 35% preferred Option 1, 56% Option 2 and 9% preferred neither option. Those who preferred Option 1 tended to be respondents from local government, some of the larger product manufacturers and some retailers and trade bodies. They thought that a single organisation would enable greater strategic oversight and scrutiny, in a more cost effective and administratively simpler way than Option 2. Respondents also thought it would enable greater clarity on the roles and responsibilities of different parties and the SA itself. Conversely, some respondents expressed concern that this approach may dilute intended outcomes, since the responsibility of meeting recycling targets would be managed by the SA rather than by producers, and that a single organisation may not be able to offer the appropriate support to producers and smaller businesses.

Those who preferred Option 2 tended to be product manufacturers/pack-fillers, some retailers and some trade bodies. Reasons put forward for preferring Option 2 included that it retains the experience/expertise of compliance schemes, provides producers with a

choice in how they comply, which in turn could help minimise the impact of change on business and ease transition to the new arrangements. Respondents also thought it would reduce complexity for the SA, allowing it to focus on strategic objectives and the relationship with LAs, and enable a more agile and responsive approach overall. Those not supportive of Option 2 were concerned that it would make things more complex and lead to higher costs compared to a single organisation, which could benefit from economies of scale. There were also comments that the proposal was not clear on how producers and compliance schemes would access the necessary evidence (of waste collection and recycling), emphasising that requirements relating to evidence and payments should be simple and transparent.

The only substantive alternative option put forward was that there could be two administrators, one responsible for the elements of the scheme involving LAs, litter bodies and the associated outcomes and targets, and the other for the business facing elements.

We also asked for views on approaches to managing in-year cost uncertainty for producers by a SA and/or compliance schemes. Of the 925 responses, 31% preferred a reserve fund, 5% preferred an in-year adjustment to fees, 9% preferred giving individual producers the choice (a reserve fund or fee adjustment); 19% expressed no preference and 36% required more information before expressing an opinion.

Appointment and mobilisation of Scheme Administrator

For Option 1 and Option 2 we asked whether the proposed initial contract period of 8-10 years provided the necessary certainty for the SA to adopt a strategic approach to the management and delivery of its functions and make the investments necessary to deliver targets and outcomes. Responses were similar, regardless of whether a single organisation (Option 1) or a single organisation plus compliance schemes (Option 2) was being considered. Most respondents (61% in the case of Option 1 and 60% in the case of Option 2) considered this timeframe to be appropriate while 4% (Option 1) and 2% (Option 2) disagreed and 36% and 38%, respectively, did not express a view. Those supportive of the proposal thought that it would allow time for upfront costs in establishing the SA to be recovered whilst providing a level of flexibility should any changes be necessary in the period to 2030.

Of the small proportion of respondents that disagreed with the proposal, some favoured a longer contract period and others a shorter contract period. Some respondents stated that they found it difficult to comment on an appropriate contract period as there was not enough detail and hence clarity on the scope of the SA's role.

We asked whether stakeholders agreed or disagreed with the timeline proposed for the appointment of the SA. Of the 895 respondents, 54% supported the proposed timeline, 21% did not support the timeline, and 25% neither supported nor opposed the proposed timeline. Those that supported the timeline considered it to be important to have a SA in place as soon as possible. Concerns about the timeline included insufficient time for a functioning body to prepare effectively for the responsibilities expected of it.

We also asked whether respondents considered that the SA, if appointed in January 2023, would have sufficient time to mobilise in order to make payments to LAs from October 2023. Of the 951 respondents, 51% did not consider this to be enough time, 39% were unsure, and 10% considered this to be enough time. Some respondents felt this timeline was unrealistic, given the large number of complex tasks the SA would need to undertake to become operational. Many respondents also commented on the impact this timeline would have on businesses as there is no leeway for any delays which may occur in the mobilisation of a SA. They suggested that any such delays could disrupt businesses and that the quicker business was expected to adapt, the higher the costs would be to business.

Compliance Schemes

We set out the scope of approvals that we thought would be needed for compliance schemes, including approval of a three-year operating plan and specific plans for monitoring, audit and reporting. We asked whether stakeholders agreed or disagreed with the approval criteria for compliance schemes. Of the 927 responses, 74% agreed, 3% disagreed and 22% were unsure. Additional suggestions made included stronger financial criteria and requiring applicants to set out in their plans their proposals to help underpin new recycling/reprocessing capacity in the UK.

We asked if we should consider introducing a Compliance Scheme Code of Practice and/or a 'fit and proper person' test for compliance scheme operators. Both proposals received a high level of support. Of the 918 responses, 81% supported the introduction of both a Code of Practice and a 'fit and proper person' test, 8% supported only the Code of Practice, 2% supported only the 'fit and proper person' test. Just 1% of responses supported neither and 9% were unsure. Those that supported the introduction of both considered that together these would ensure a greater level of accountability. Some thought that, given the expected higher costs of compliance in future, it is essential that the responsible parties are 'fit' to take on the obligations on behalf of producers.

In responding to these questions, some respondents took the opportunity to offer wider comments on the monitoring and enforcement regime and the role of the (environmental) regulators, and to re-iterate comments made in response to other questions. Concerns were raised in relation to the complexity of our proposals for monitoring and auditing recycling data along the supply chain considering them to be unrealistic in terms of effectiveness, logistics and timescales. There were also comments seeking clarification of the role of compliance schemes and the SA in respect of recycling targets and some questioned whether the environmental regulators are the appropriate bodies given a scheme of such financial magnitude.

Reporting requirements

The final questions in this section related to the proposal to require the SA (under Option 1) or the SA and compliance schemes (under Option 2) to publish annual reports setting out their overall performance and achievements, with devolved administration

breakdowns. Most respondents supported these proposals, with very little difference seen between responses under Options 1 and 2. Of the 907 responses (which related to Option 1), 78% agreed, 4% disagreed and 18% were unsure. Of the 914 responses (which related to Option 2), 79% agreed, 3% disagreed and 17% were unsure.

Decisions on scheme administration

In the consultation we highlighted that the governance and administration of the new producer responsibility arrangements would be informed by the approach to producer obligations for packaging waste generated by businesses. Government recognises a continuing role for compliance schemes in supporting producers to comply with their obligations until such time as alternative arrangements may be put in place.

We have been engaging with HM Treasury regarding the establishment of the Scheme Administrator. An indicative view from HM Treasury is that the SA is likely to be classified to the public sector due to the activities it is carrying out and the expected level of control by the public sector.³⁵ In light of this advice Government is considering options to establish the SA within the public sector with opportunities for private sector to deliver some of its functions. We will engage with producers and other stakeholders as we develop these proposals.

Government remains committed to the SA being established during 2023 and fully operational in 2024. The key functions of the SA are set out in Annex 2. The SA will have a UK wide remit.

To maintain continuity and ease transition to the new producer responsibility arrangements, approvals for compliance schemes under the Producer Responsibility (Packaging Waste) Regulations 2007 will be rolled over and schemes will be able to continue to operate under the new EPR regulations until the end of the 2024 compliance year. Compliance schemes wishing to continue to operate after 2024 will need to apply for approval under the new EPR regulations.

Compliance schemes will not undertake any functions in relation to administering disposal cost payments (Environment Act 2021, Schedule 5) as obligated producers will be expected to make these payments direct to the SA. Compliance schemes will however be able to support producers with their data submissions.

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³⁵ The ultimate responsibility for making classification decisions lies with the independent Office for National Statistics (ONS). HM Treasury provide government departments with indicative views in some cases where the ONS have not yet formally reviewed the classification. The ONS may not review the classification until the organisation is established and operating.

The EPR regulations will set out the criteria that compliance schemes will be required to demonstrate in their applications for approval. These criteria will be based on those in the consultation document, informed by the consultation responses. An operator competence test will be introduced as a requirement of approval/registration the details of which will be included in the consultation on improvements to the PRN system. We will engage with the Packaging Scheme Forum and the regulators regarding the development of a new Code of Practice for Compliance Schemes.

Reprocessors and Exporters

Reprocessors and exporters (Questions 84 to 91)

We stated in the consultation that Packaging Waste Recycling Notes (PRNs) and Packaging Waste Export Recycling Notes (PERNs) would not be required under EPR, meaning that accreditation of reprocessors and exporters would no longer be required.

We asked whether stakeholders agreed or disagreed with the proposal that all reprocessors and exporters handling packaging waste will be required to register with a regulator. Of the 888 respondents, 93% supported requiring mandatory registration of reprocessors and exporters, 1% disagreed and 6% neither agreed nor disagreed.

We asked whether stakeholders agreed or disagreed that all reprocessors and exporters should report on the quality and quantity of packaging waste received. Of the 894 respondents, 90% agreed with this proposal, 2% disagreed and 8% neither agreed nor disagreed. Those in support commented that they see it as essential for consistency, transparency, and monitoring, and reducing illegal and low-quality exports. Key concerns raised related to not having administrative and regulatory costs met, the lack of incentive to participate constructively in the system and how quality measurement would occur.

We asked an open-ended question relating to the challenges stakeholders perceive in reporting on the quality of packaging waste received at the point of reprocessing and/or export. This question was answered by 649 respondents, with many expressing concerns about the implications of this proposal as reprocessors can struggle to identify the source of materials, are in receipt of low quality or contaminated materials for recycling due to poor collection and sorting practices, and have difficulties reporting data accurately. Some were also concerned that the additional reporting requirements would be a financial and administrative burden to businesses and that some may fail to comply and misreport. Nevertheless, there was general support for the proposals, with some suggesting reprocessors already track the quality of materials and quantity reporting is a requirement of accreditation.

We asked whether stakeholders supported the use of contractual arrangements between reprocessors and MRFs/waste collectors or carriers as a means of facilitating the

apportionment and flow of recycling data. There was a lack of consensus on this point; of the 836 respondents, 37% agreed, 22% disagreed, and 40% were unsure. Some respondents highlighted the difficulties this would introduce in tracing evidence as it moved through the waste chain and mentioned the need for appropriate regulation.

We also asked whether stakeholders agreed or disagreed that exporters should be required to provide evidence that exported packaging waste has been received and processed by an overseas reprocessor. Of the 848 respondents, 91% agreed with this proposal, 2% disagreed and 7% neither agreed nor disagreed. Some felt these proposals could help ensure the equal treatment of domestic reproducers and exporters and give the public confidence in the outcomes of EPR. Some respondents, however, noted that, as there is now, there could be difficulties in obtaining this evidence from some destinations, as separating waste originating in the UK from non-UK waste may not be possible.

We asked whether stakeholders agreed or disagreed that only packaging waste that has achieved end of waste status should be able to be exported and count towards the achievement of recycling targets. Of the 838 respondents, 60% agreed, 13% disagreed, and 27% neither agreed nor disagreed. Some respondents commented that packaging waste that meets end of waste status is no longer waste and would not count towards the achievement of recycling targets. Some were concerned that there is currently insufficient infrastructure in the UK to facilitate this requirement and that businesses could incur additional costs resulting from the requirement to put in place the necessary procedures to ensure end of waste status is achieved. We have since considered whether packaging waste should be required to meet an agreed standard prior to export however we will not pursue such a requirement at this time.

We asked whether stakeholders agreed or disagreed that it should be mandatory for exporters to submit fully completed Annex VII forms, contracts and other audit documentation as part of the supporting information when reporting on the export of packaging waste. Of the 839 respondents, 83% agreed, 1% disagreed and 16% neither agreed nor disagreed. Finally, we asked if stakeholders agreed or disagreed that regulators seek to undertake additional inspections of receiving sites, via third party operators. Of the 830 respondents, 86% agreed, 1% disagreed and 13% neither agreed nor disagreed.

Decisions on reproducers and exporters

As the 'PRN system' will be retained the requirement for reproducers and exporters to be accredited if they wish to issue PRNs or PERNs will continue to apply.

As well, we will proceed with a mandatory requirement on all reproducers and exporters that handle packaging waste to register with a regulator which will include a requirement to report data on the quantity and quality of packaging waste handled. This will ensure that we capture data on all packaging waste recycled and will improve our understanding of how packaging moves through the waste management system.

Reprocessors and exporters will be required to report:

- the tonnes of packaging waste received on site (by material type and grade)
- the tonnes of non-recyclable or non-target packaging
- the tonnes of packaging waste to be reprocessed or exported following any further cleaning and sorting processes
- the tonnes of packaging materials reprocessed on site and/or sent to an onward destination site or facility. For example, an overseas destination site for exporters, or another reprocessing site or disposal facility in the UK.

As part of registration, reprocessors and exporters will be required to submit a sampling and inspection plan to a regulator for approval. This will detail how they plan to meet their reporting requirements and what sampling they will undertake and/or protocols they will use to determine the packaging quantities and quality handled. They will also be required to report sampling data to the regulator.

Those that wish to issue PRNs/PERNs will need to undertake a further step to become accredited and will be required to report information and evidence in addition to that required through registration.

Existing requirements for accredited exporters of packaging waste will be strengthened under the new Regulations. Exporters will be required to obtain evidence that shipments were received at the final destination sites and must obtain evidence of recycling by the overseas reprocessor. We propose that exporters will only be able to confirm issue of PERNs once confirmation of receipt of the material has been obtained from the final destination sites. We recognise there are difficulties in acquiring evidence of receipt of material and of recycling from overseas sites and will continue to work with the regulators to resolve this.

Exporters will be required to submit Annex VII forms and/or other relevant supporting documents to the regulator prior to the waste being shipped. We will further consider what additional information/evidence exporters should be required to provide to demonstrate that the exported materials have been received and processed by an overseas reprocessor or, where that is not possible, that the materials are of an acceptable quality prior to export.

We will introduce a mandatory requirement for inspections of overseas sites by third party operators in the Regulations. The regulators will publish guidance to help reprocessors and exporters understanding of the requirements relating to registration and accreditation.

We will not at this point require:

- reprocessors and exporters to provide evidence of recycling back down the supply chain as part of contractual arrangements. We will consider this further to determine whether it is necessary to support EPR outcomes, payments and the reporting of devolved administration level targets, and the extent to which digital waste tracking could provide this data. As such we may consider introducing it in future if evidence suggests it would be beneficial to the successful delivery of EPR;
- packaging waste to achieve end of waste status ahead of export (and to contribute to recycling targets). We will continue to work with regulators to consider what requirements may need to be introduced in future to ensure exported waste is of a similar standard to waste that is reprocessed within the UK.

Separately, the UK Government remains committed to end the export of plastic waste to non-OECD countries and to consulting on amendments to the waste shipments legislation to give effect to this commitment.

Compliance and enforcement

Compliance and Enforcement (Questions 92- 95)

The consultation asked questions regarding the proposed approach to monitoring and enforcing the system for EPR for packaging, seeking stakeholder views on any perceived issues and suggestions on how it could be regulated effectively. The consultation invited views on any additional conditions and criteria the environmental regulators could include in their monitoring and inspection plans of operators that they do not at present.

The first question in this section was specific to the overall approach to EPR as set out in the consultation document. Having considered the consultation responses and as outlined in this response, our proposals have changed in several respects including our decision to retain the PRN/PERN mechanism for a period, so this question is no longer directly relevant. However, the comments provided by respondents have wider applicability.

The majority of respondents were supportive of the broad proposals for enforcement, whilst emphasising the need for transparency and for the regulators to be resourced appropriately. There were concerns for the effective and consistent enforcement of the regulations if funding for, and the capacity /capability of, the regulators was not adequate. Respondents suggested the establishment of a formal Technical Liaison Group with operators to facilitate communication on detailed issues; as well as improvements to data collection systems to enable greater traceability and more comprehensive analysis of data by the regulators.

We asked whether stakeholders had any further suggestions on what the regulators should include in their monitoring and inspection plans that they do not at present. Some of the 577 respondents to this question considered the current monitoring system to be inconsistent and not sufficiently thorough. Many respondents suggested monitoring criteria should be published and made available to all operators, and for other industry bodies to review and identify improvements and efficiencies. Suggestions were made as to how the collection of evidence by the regulators could be made more effective including by using videos, photographs, and other data sources. Additionally, many respondents identified how the regulators' monitoring and inspection plans could be improved, including by working with export bodies, and more broadly by strengthening inspections and the Waste Shipment Regulations, and by enhancing data collection and cross-checking with other data such as HMRC export and VAT data.

We also asked about options for enforcement, seeking views on whether the regulator fees and charges should be used to fund enforcement work. In total, 577 respondents answered this question. There was support for using regulator fees and charges for enforcement work, citing the need for appropriate enforcement activity to ensure that all affected companies are brought into compliance. Some, however, were concerned about the fairness of the proposal and stressed that businesses should be treated equally, and the system should be transparent. Many respondents made suggestions including fully funding the regulatory bodies in line with the 'polluter pays' principle, using funds derived from the regulator fees for education and investment across the waste industry. This funding would support communication of the benefits of a circular economy, good practice and ensuring accountability of producers.

We asked whether stakeholders would prefer to see an instant monetary penalty for a non-compliance, or another sanction listed, such as prosecution. This question was answered by 577 respondents. Some respondents felt the proportionate enforcement action proposed would deter a minority from 'free riding'. Some, however, were concerned that monetary penalties would only be effective if they are greater than the costs avoided through non-compliance, and/or thought that a fine would not rectify the problem and that alternative solutions are needed for non-compliance.

A few respondents expressed concern about the ability to enforce individual producer compliance or for the proposed approach to incentivise the application of more frequent fees and charges by the regulator. These respondents felt that depending on business size and profitability, fines might not be a sufficient deterrent.

There were numerous suggestions made by respondents. In particular, many suggested a sliding scale of penalties which could be applied depending on the severity of non-compliance and differentiating between such as an 'honest mistake' and deliberate fraud. It was noted that monetary penalties should be the first in a range of possible sanctions that the Regulators have at their disposal, thereby allowing them to use the most appropriate for any given offence.

Decisions on approach to compliance monitoring and enforcement

We will establish a monitoring and enforcement regime in line with that proposed in the consultation document. The Regulations will set out the specific responsibilities and duties of the regulators and the monitoring and enforcement activities in relation to producers, compliance schemes, reprocessors and exporters.

The monitoring and enforcement laid out in the Regulations will be through the devolved administration level environmental regulators³⁶ recognising the need for collaboration and close working between the regulators due to the cross- boundary nature of packaging and waste packaging materials.

The regulators will be provided with the full range of sanctions, as outlined in the consultation document, to enable them to take appropriate action.

We will review the scope of the regulators Monitoring and Inspection Plan, to expand the scope of the inspections and audit and increase consistency. We will look to include consistent criteria and allow for a wider range of evidence to be considered. We will explore the possibility of cross-checking data with data from other regulators.

Together with the regulators, we will establish a Technical Liaison Group to facilitate dialogue between obligated parties, the regulators and policy makers to provide detailed feedback and ensure the efficient functioning of the Regulations. This would not form part of the Regulations.

We will make changes to other regulations where these are necessary to support the effective delivery of EPR, such as the Environmental Permitting Regulations in relation to requirements on materials facilities.

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Implementation timeline

Phased implementation of packaging EPR from 2023 (Questions 96 to 100)

We asked whether respondents agreed or disagreed with the activities that the SA would need to undertake in order to make initial payments to LAs in 2023 (as described for

³⁶ The Environment Agency for England, Natural Resources Wales, the Scottish Environment Protection Agency (SEPA) and the Northern Ireland Environment Agency (NIEA).

Phase 1). Of the 931 respondents, 49% agreed, 25% disagreed, and 26% were unsure. Some respondents who agreed suggested that the SA may need to undertake additional activities beyond those identified in the consultation document. Conversely, some respondents thought the timescale is unfeasible due to the scale and/or complexity of the task(s) to be completed, alongside the requirements for business to be given appropriate time to prepare.

We also asked if respondents think a phased approach to the implementation of packaging EPR, starting in 2023, is feasible and practical. Of the 953 respondents, 30% agreed, 53% disagreed, and 17% were unsure. Those who disagreed felt it was too ambitious, and did not give industry adequate time to prepare, and felt the phased approach would create complexity, cause confusion and result in additional costs. There were also concerns around running two systems for data reporting which could lead to missed payments by some or double costs to others. Some respondents also expressed concern about the cost implications for businesses, particularly those that would have to pay costs under the existing (PRN) system and the new EPR scheme in 2023.

We asked if respondents prefer a phased approach to implementing EPR starting in 2023 with partial recovery of the costs of managing packaging waste from households, or a later implementation which could enable full cost recovery for household packaging waste from the start. Of the 927 respondents, 33% preferred a phased approach, 55% favoured a later implementation, and 12% were unsure. Respondents favouring a later implementation date felt it would be easier to work towards one agreed date, providing a clear timeline and avoiding confusion. Many also noted that 2023 would not allow businesses time to prepare and build the requisite infrastructure. Conversely, those who expressed support for a phased approach from 2023 commented that it would allow for any problems to be identified and resolved and the learning curve to be managed. It would also allow for a degree of testing of the system and could enable producer payments to be made at the earliest opportunity, whilst recognising the tight timescales.

We asked which of options presented for reporting of packaging data for 2022 respondents preferred. Of the 878 respondents, 13% favoured Option 1 (producers reporting data for packaging most likely to end up in household waste that is primary packaging and shipment packaging), 78% favoured Option 2 (producers reporting data for all types of packaging, including transit and industrial packaging, alongside data on packaging waste they 'self-manage'), and 9% were unsure. Respondents supported Option 2 as it is in line with current practice and potentially could be a more holistic approach to reporting packaging data and less intensive for producers to comply. Many respondents expressed concern regarding the increased demands on producers of complying with an additional reporting requirement, particularly if it is only going to be in place for one year. A need for additional guidance, in the case of Option 1, on such as how producers should determine packaging proportions that are likely to arise as household waste was considered necessary.

We also asked if there are other datasets required to be reported by producers in order for the SA to determine the costs to be paid by producers in 2023. Of the 839 respondents, 89% were unsure, with 6% believing there are other datasets required, and 5%

considering there are no other datasets required. Many respondents commented on the level of detail in the consultation document and felt that more information was required, including on how producers would be expected to determine the proportion of packaging ending up in households and in businesses, and more detail on the data that would be required and how it would need to be presented.

Decision on the phased implementation of EPR from 2023

Government does not intend to introduce EPR in 2023. This means we will not proceed with introducing a separate data reporting SI in 2022 to require obligated producers to compile packaging data in 2022 and producers will not be required to pay fees in 2023 to enable partial payments to be made to LAs in 2023.

Based on the consultation responses, as well as feedback from stakeholders, we have decided to focus on delivery from 2024. It remains Government's intention to proceed with establishing the SA in 2023 as indicated in the SA section. Government also intends to introduce a separate data reporting SI to require producers to collate and report packaging data for 2023. This data will provide the basis for establishing the packaging waste management fees producers will pay in 2024.

Refillable and reusable packaging

Government indicated at consultation the initial focus of the new EPR measures would be on increasing the recycling of packaging and acknowledged that more use of reusable packaging applications was desirable to increase the circularity of packaging. Indeed, stakeholders told us that it is important for Government to provide such a signal. It remains our intention therefore to consider appropriate measures either in the form of targets or obligations on producers to encourage the use of reusable/refillable packaging. This work is being taken forward in parallel with the post implementation review of The Packaging (Essential Requirements) Regulations 2015 which commenced in 2021. We will come forward with our proposals with the intention of introducing measures in 2025. The feedback provided to Questions 101 to 104 which is summarised below will help inform this work.

Definitions

We sought views on a definition of reusable packaging as this would be needed if we set targets or obligations on producers in relation to the use of reusable packaging. We proposed three definitions (see Annex 1 of the consultation), and asked respondents if these could be applied to possible future reuse/refill targets or obligations in regulations.

Of the 900 respondents, 34% preferred the definition in the Packaging and Packaging Waste Directive, 29% preferred the one used by UK Plastic Pact/The Ellen MacArthur Foundation, 19% preferred definitions in The Packaging (Essential Requirements) 2015, and 18% said 'none of the above'.³⁷ For those who selected 'none of the above', we asked why, and for suggestions for alternative definitions we could consider. In total, 286 respondents answered this question.

Many were concerned that a Life Cycle Analysis approach may be unreliable, as reusable packaging may be heavier than light-weight single use plastic packaging, and the carbon and published health benefits of reusable packaging are not proven. Some respondents suggested a new definition; that a product is reusable if it is conceived and designed to be reused several times, and consumers perceive it to be so.

Approaches to incentivising use of reusable and refillable packaging

We asked an open-ended question seeking views on the approaches we had listed, and any alternative approaches, for setting reuse and refill targets and obligations. In total, 747 respondents answered this question. There was general support for the following two approaches:

- a certain percentage of packaging that individual producers place on the market each year must be reusable. Respondents believed this approach may reduce the overall amount of packaging on the market, be the most practical and effective, and minimise the administrative and financial burden placed on businesses.
- setting a packaging reduction target. Some respondents believed this option is best aligned with waste hierarchy principles and may have the greatest contribution to carbon reduction targets. Some respondents also supported adjusting annual recycling targets by taking the average share of reusable sales packaging into account.

Some respondents supported requiring reusable or refillable packaging for certain products, believing this option would provide a clear call to action for consumers, reduce pressure on retailers, and avoid creating cheaper non-reusable alternatives to products in reusable packaging. There was also support for introducing measures to incentivise the use of refillable and reusable packaging, and for setting reuse targets.

We asked whether stakeholders agreed or disagreed that the SA should proactively fund the development and commercialisation of reuse systems. Of the 943 respondents, 37% agreed, 41% disagreed, and 22% neither agreed nor disagreed. This proposal was welcomed by many respondents as they thought it would lead to an increase in the use of

³⁷ We unintentionally did not include a 'not sure' option for this question. We have no way of knowing what answer, if any, people who were unsure selected.

reuse systems. Some respondents suggested that the SA should also actively promote waste prevention and reuse systems as simply making recycling easier could lead to increased re-use of packaging.

Many respondents raised concerns that subsidising reuse systems could distort the market and so should not be the SA's top priority. Respondents were also concerned over government expecting commercial organisations, whose businesses are founded largely on providing 'single use packaging', to support the promotion of 'multi-trip packaging'.

We asked whether stakeholders agreed or disagreed that the SA should look to use modulated fees to incentivise the adoption of reuse and refill packaging systems. Of the 952 respondents, 41% agreed, 35% disagreed, and 24% neither agreed nor disagreed. We also asked respondents to provide a reason for their given response and 571 respondents did so. Modulated fees were supported because respondents thought they would drive more sustainable packaging choices, incentivise the adoption of reuse and refill systems, encourage behaviour change, drive forward innovation, and would be the fairest way to recover costs from producers.

Many respondents were concerned that this proposal is beyond the scope of the SA's functions. They felt that an analysis of complex issues such as hygiene, investments and environmental impacts should be undertaken, and the SA should not lead on this. There were also some concerns that the proposal raised competition issues, specifically market manipulation, and that it could therefore be anti-competitive. Some respondents felt that requiring the packaging supply chain to promote a refillable / reusable packaging system that undermined its core business proposition would be 'perverse'. A few concerns were also raised that a refillable / reusable packaging system may incentivise the production and purchase of packaging materials that would ultimately end up being single use due to consumers not using them in the way intended and have more damaging environmental impacts than easily recyclable materials. Additionally, a few respondents stated that a large and costly administrative burden may result from having the SA use modulated fees as an incentive for reuse/refill systems.

Summary of costs and benefits of the policies

Summary of estimated costs and benefits from the Impact Assessment

A Final Impact Assessment (FIA) accompanies this government response and considers the costs and benefits to businesses, the public sector and society of reforming the producer responsibility system. The FIA is an update of the analysis in the Impact Assessments (IAs) that accompanied the 2019 and 2021 consultations, and reflects final policy decisions, improved evidence, and feedback from the Regulatory Policy Committee. This section gives a summary of the costs and benefits; more details are given in the FIA. We will publish a final version of the FIA alongside the Regulations.

Impact assessment approach and methodology

Since the 2021 consultation, further evidence has been gathered and the following improvements have been made:

- An update to estimates of household packaging waste collection costs, including further evidence on the costs of adding plastic film and other packaging materials to recycling collections (from households and businesses).
- The inclusion of household packaging collection costs specific to Scotland, Wales and Northern Ireland (rather than uplifting England estimates)
- Additional evidence on the costs and benefits of mandatory takeback for fibre-based composite cups
- Analysis of the impact of EPR costs on consumers
- Estimates of the costs to Material Facilities (MFs) of additional sampling and analysis of input and output materials

Given the link between the policy proposals on consistent municipal recycling collections ('Consistency') in England and the proposed introduction of DRS for drinks containers in England, Wales, and Northern Ireland and in Scotland, the FIA takes a layered approach. The baseline assumes that the proposed measures detailed in the consultations on both Consistency and DRS are in place and the associated costs, benefits and recycling rates for packaging materials are reflected in this baseline. This allows us to consider the impacts of introducing EPR on top of introducing the measures set out in these proposals.

The FIA assesses a single regulatory option with two scenarios for that option, against a baseline scenario for the period 2024-2033.

Scenario 1: the cost to producers of covering the Full Net Cost (FNC) of collection and end-of-life treatment of household packaging through kerbside recycling and residual collections as well as Household Waste and Recycling Centres (HWRCs). Costs associated with managing binned on-the-go packaging waste are also assessed within the FNC covered by producers. The costs and benefits of applying modulated fees to producer payments are assessed as well as the costs and benefits of introducing mandatory labelling. Lastly this scenario includes costs from amending data reporting requirements on MFs and reprocessor and exporters.

Scenario 2 is extended to include the costs and benefits of fibre-based composite cup mandatory takeback and fibre-composite recycling targets.

Summary of monetised costs and savings under each policy option over the appraisal period (Present Value (2024-33), £m)

Transition Costs	Option 1	Option 2
Producer - Labelling Transition	£89.4	£89.4
Producer - EPR Familiarisation	£2.5	£2.5
Producer - Fibre Mandatory Takeback Transition	-	£19.9
Material Facility - Capital and Familiarisation	£7.5	£7.5
Reprocessor/Exporter - Familiarisation	£0.6	£0.6
Public Sector - IT Investment	£12.4	£12.4

Costs	Option 1	Option 2
Producer - FNC Household Packaging Collections (Kerbside collections) - Transfer	£9,771.2	£9,771.2
Producer – FNC Household Packaging Collections (HWRC) - Transfer	£370.4	£370.4
Producer – FNC Household Packaging Collections (Binned Packaging Waste) - Transfer	£843.6	£843.6
Producer - Scheme Administrator (including IT)	£156.0	£156.0
Producer - Compliance Scheme	£121.9	£121.9
Producer – Regulator	£77.0	£77.0
Producer – SA Comms Campaigns	£150.7	£150.7
Producer - Labelling Ongoing	£58.7	£58.7
Producer - Fibre Mandatory Takeback (enforcement, training, net collection costs)	-	£41.3
Material Facility - Operational and Regulator	£203.7	£203.7
Reprocessor/Exporter - Ongoing	£5.7	£5.7
Public Sector - Landfill Tax Loss - Transfer	£80.0	£81.9

Benefits	Option 1	Option 2
Society - GHG Emission Savings	£505.0	£526.3
Producer - Net Collection Cost Savings	£322.2	£322.2
Producer - Fibre residual savings		£16.4
Producer - Fibre litter savings		£2.0
Businesses - Net Household- Like Business Waste Savings	£32.4	£32.4
Reprocessor - Secondary Material Market - Indirect	£120.3	£131.4
Public Sector - Household Packaging Collections (Kerbside, HWRC, Litter) - Transfer	£10,985.2	£10,985.2
Total Costs	£11,951.36	£12,014.48
Total Benefits	£11,965.12	£12,016.01
NPV	13.8	1.5

Impact of EPR on consumers

Producers may decide to pass on some of their additional costs to consumers who purchase packaged goods. The extent to which this will occur will depend on decisions made by producers however the FIA provides estimates of the additional costs to consumers under different scenarios. Under the central scenario,³⁸ it is assumed that producers pass on 85% of the additional costs they incur. This is estimated to lead to an increase in average household expenditure by 0.13%, which equates to 78p per week or £41 annually.

	Low Scenario	Central Scenario	High Scenario
Consumers – increase in weekly expenditure per household, £	0.46	0.78	0.92
Increase as a proportion of weekly spend ³⁹	0.08%	0.13%	0.15%
Consumers - increase in expenditure yearly per household, £	23.87	40.57	47.73

An estimate of the impact of cost pass through to consumers on CPI inflation was also included in the impact assessment. The central scenario again assumes that producers pass on 85% of additional costs under EPR to consumers. Under this scenario the estimated increase in the value of retail sales is 0.29%, with the CPI inflation at 0.07%.

	Low Scenario	Central Scenario	High Scenario
Increase in retail sales	0.17%	0.29%	0.34%
Increase in CPI	0.04%	0.07%	0.09%

Although those producers that are obligated will face additional costs under EPR, these additional costs include a significant transfer from the public sector to businesses.

Digital design

In the consultation, we addressed the requirement of digital infrastructure to underpin EPR. The exact requirements of this infrastructure are determined by the policy decisions set out elsewhere in this response. The design and build will be based around the needs of the users of the service.

As the Government considers proposals for establishing the Scheme Administrator, we have begun work on the public facing aspects of the digital infrastructure, including

³⁸ Producers pass 50% of the costs onto consumers under the low option, 85% in the central and 100% in the high option.

³⁹ This is based on the average household weekly spend of 592 taken from the ONS.

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/april2018tomarch2019>

registration, accreditation, and data collection. The data collected through this service will be made available to the regulators to process and utilise in accordance with their roles. If the Scheme Administrator is not established within the public sector, data collected through this IT service would be made available to a private sector body to utilise within its remit. The costs of any services provided by the Government for EPR will be recovered through charges on those obligated under the scheme.

In addition to the public facing elements of the IT infrastructure, there will be additional components relating to the administration of the scheme. These include calculating and invoicing of producer obligations, and the management of reimbursements to LAs to cover the cost of household collections of packaging waste. This infrastructure is central to the role of the Scheme Administrator. Therefore, if the Scheme Administrator is appointed in the private sector, it is preferable for the SA to deliver it, provided it does not impact on implementation timelines. If the Scheme Administrator is established within the public sector, Government will ensure the delivery of the full IT infrastructure. In either scenario, Government will maximise integration between IT systems, to minimise friction and ensure a smooth journey for users. In addition, where there are commonalities between the infrastructure required for EPR and the separate DRS, we will look to provide a simple, consistent digital service to support users of both schemes.

Furthermore, the functioning of EPR requires detailed data from the waste chain. Much of this data will be provided by a separate IT system, known as Digital Waste Tracking, which is expected to be fully operational in 2024. This separate system will cover all waste, tracking it through to its end of life. Data collected through Digital Waste Tracking will provide more detailed insights into the waste chain than current systems and will therefore be used to inform the planned review into EPR.

Annex 1 - Scheme Administrator core functions

- **Undertake strategic and operational planning** – responsible for day-to-day operational planning and delivery of its functions and for longer-term strategic planning.
- **Calculate disposal costs to be paid by producer for managing packaging waste discarded by households** taking account of the parameters set within the regulations – it is anticipated the SA will determine these costs by adopting a modelling approach but may choose over time to calculate total costs based on actual costs.
- **Determine the fee rates to be paid by producers** (including modulated fees) for different types of packaging - taking into account the parameters set within the regulations the SA will decide how to determine the fee rates such that they reflect the disposal costs of different packaging materials/types, and incentivise producers to achieve their obligations and wider outcomes including to use packaging that can be recycled
- **Calculate the disposal costs to be paid by individual producers** annually and recover these costs from producers
- **Make payments to those who have incurred disposal costs and/or are providing services on behalf of producers** as administered by the SA– such as local authorities, litter authorities, etc. The SA will need to engage with and establish relationships with each local authority, set out data and other requirements, agree payment arrangements and offer support on such as improving service standards, delivering more efficient services, increasing collection of packaging for recycling, etc
- **Provide strategic oversight and allocate producer funding** for information campaigns
- **Provide support and advice to producers** in reporting data on packaging they place on the market and provide a ‘tool’ / approach to enable producers to assess the recyclability of their packaging and inform the application of modulated fees
- **Prepare annual reports** providing aggregated figures on total amounts paid, changes to packaging placed on the market, outcomes achieved, etc to their members, to Defra and the Devolved Administrations, and to the Regulators.