



Department  
for Environment  
Food & Rural Affairs

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# Consultation on changes to the plastic packaging recycling business targets for 2016-17 and new targets for plastic and glass for 2018-20

## Summary of responses and government response

March 2016



Llywodraeth Cymru  
Welsh Government





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## Introduction

In November 2015, the Government published a consultation which invited views on proposals to amend the plastic and glass recycling business targets in the Producer Responsibility Obligations (Packaging Waste) (Amendment) Regulations 2007 (as amended)<sup>1</sup> and the Producer Responsibility Obligations (Packaging Waste) (Amendment) Regulations (Northern Ireland) 2007 (as amended)<sup>2</sup>. These Regulations are referred to as “the Packaging Regulations” in the rest of this document.

## Background

The UK has had since 1997 a statutory producer responsibility scheme for packaging recycling, which implements the Packaging and Packaging Waste Directive (94/62/EC, as amended – hereafter referred to as ‘the Packaging Directive’). This scheme internalises some of the externalities of dealing with packaging at the end of its life. This reduces the amount of packaging waste going to landfill and reduces the environmental impacts in a way that is better for the environment and natural resources than landfill. It does so by setting minimum recycling and recovery targets on UK businesses in the packaging supply chain. The current targets run until 2017.

The existing business targets for 2013-17 were consulted on in 2011 and final targets announced at Budget in March 2012<sup>3</sup>. The targets were set using the best evidence available from business at the time. Glass targets were revised in 2014<sup>4</sup> following publication of the GlassFlow report, which investigated the data used to calculate targets.

Defra commissioned a similar report, PlasticFlow, which reported in 2014 and provided an updated picture of the plastic market in terms of material placed on the market<sup>5</sup>. The report indicated that the amount of plastic waste placed on the market was significantly lower than the estimates made in 2011/12. Therefore, the targets in the Regulations are based on the expectation of much higher waste arising. This means that it is possible to reduce the business targets on obligated producers and still maintain a similar recycling rate.

In addition, current domestic targets for all materials expire in 2017. The Packaging Directive requires member states to deliver a specified recycling rate by 2008 and maintain that rate each year thereafter. Therefore, without targets beyond 2017 we would be in breach of our Packaging Directive requirements.

This consultation proposed options for revised targets for plastic for 2016-17 and for new targets for glass and plastic for 2018-20.

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<sup>1</sup> [http://www.legislation.gov.uk/ukxi/2007/871/pdfs/ukxi\\_20070871\\_en.pdf](http://www.legislation.gov.uk/ukxi/2007/871/pdfs/ukxi_20070871_en.pdf)

<sup>2</sup> <http://www.legislation.gov.uk/nisr/2007/198/contents/made>

<sup>3</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/82441/packaging-ia.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/82441/packaging-ia.pdf)

<sup>4</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/294272/packaging-targets-ia.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294272/packaging-targets-ia.pdf)

<sup>5</sup> <http://www.wrap.org.uk/content/plastic-packaging-market-study-plastic-flow-2014-0>

New targets for 2018-20, and possibly beyond, for the remaining materials (steel, aluminium, paper/card and wood) will be brought forward at a later date, once work on the data for these materials has been finalised and accepted.

In summary the options included in the consultation document and Impact Assessment were:

For plastic -

- Option P1 – Do not amend plastics targets for 2016 and 2017 then keep target at 57% to 2020 (this would deliver a 48% recycling rate by 2017 and maintain the same level though to 2020)
- Option P2 – Amend existing plastic target to 48% for 2016 then increase by 1% each year to 2020 (this would deliver a 44% recycling rate by 2020)
- Option P3 – Amend existing plastic target to 49% in 2016 then increase by 2% each year to 2020 (this would deliver a 48% recycling rate by 2020).

For glass -

- Option G1 - Do not amend glass targets for 2016 and 2017 then keep target at 77% to 2020 (this would continue to maintain a 66% recycling rate from 2017 to 2020).
- Option G2 – Do not amend glass targets for 2016 and 2017 then increase by 1% each year to 2020 (this would deliver a 68% recycling rate by 2020).

## About this document

This document provides a summary of the responses received and the government response. This document does not attempt to repeat the background information given in the consultation paper and only provides a limited amount of context for the options and related questions. Please refer to the consultation document for detailed information which is available at <https://consult.defra.gov.uk/waste/plasticandglasstargets>

This document lists all of the questions asked in the consultation and summarises the responses received.

## Consultation questions

**Q. 1.** In your view, are the estimates made in PlasticFlow for waste arisings the best available data?

**Q1a.** Are you aware of any other factors which may affect the level of plastic entering the waste stream?

**Q1b.** Do you agree with the no growth assessment?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures as necessary.

**Q2.** In your view, are there other factors which may affect the levels of obligated tonnage reported?

Please provide us with as much evidence as possible to support your answer, so we can adjust our figures as necessary.

**Q3.** Do you have any additional information or evidence to improve the analysis of the costs and benefits?

**Q4.** What is your preferred option? And why?

## Summary of Responses – group breakdown

A total of 63 responses received (including nil returns), split across stakeholder groups as follows:

Producer Compliance Schemes	10
Producers	11
Reprocessors	9
Trade associations	17
Regional/Local Government	5
Other	11

### Summary of all responses:

Plastic: 48 respondents expressed a preference (76%) (2 provided split response, based on the views of their members).

Preferred option	Number (percentage)*
P1	7 (11%)
P2	16 (25%)
P3	26 (41%)

Glass: 32 respondents expressed a preference (49%)

G1	10 (16%)
G2	22 (34%)

## Responses

### **Question 1 - In your view, are the estimates made in PlasticFlow for waste arisings the best available data?**

23 respondents (36%) agreed that the consultation used the best available data. Many of the organisations who responded were actually involved in the PlasticFlow work and provided data for the report. Respondents also commented on the lack of other robust sources of data, as this was specifically commissioned, and noted the need to monitor and refresh the data at suitable intervals.

However, a WRAP/Valpak report on plastic packaging recycling in the C&I sector<sup>6</sup> published during the consultation provided some additional data that was used to amend the Impact Assessment. Based on the evidence in the report, the estimate of plastic packaging placed on the market was updated from 2260kt to 2220kt.

The report provided better quality data on the composition of plastics recycling in the C&I sector. In particular, the findings suggested that we had previously underestimated the proportion of higher-value plastics (e.g. bottles) in the C&I recycling stream..

### **Question1a - Are you aware of any other factors which may affect the level of plastic entering the waste stream?**

Twenty respondents (32%) replied that they were not aware of any other factors which might have an impact on the volume of plastic entering the waste stream.

Three respondents specifically referenced the Circular Economy Package being brought forward by the Commission. Depending on the final version of the Package, it was felt it could have significant impact on the amount of waste generated because of the interventions on prevention and re-use.

Some respondents mentioned possible growth in the non-obligated sector and those below the thresholds within the Regulations as a potential area which may have an impact on waste arisings. This was linked closely to the rise in growth of direct internet sales, in particular from companies based overseas with no presence in the UK selling directly to householders.

There was some discussion regarding the current low price of oil and the possible impact of plastic, especially virgin plastics, being a more attractive commercial option.

The ongoing lightweighting/down-gauging work in the sector was believed to be having an impact on the waste arisings, as was the introduction of the carrier bag charge<sup>7</sup>.

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<sup>6</sup> *Rigid Plastic Packaging in the C&I Sectors Study* (2015), WRAP and Valpak.

<sup>7</sup> <https://www.gov.uk/guidance/carrier-bag-charges-retailers-responsibilities>



### **Question 1b – Do you agree with the no growth assessment?**

Twenty-one respondents (percent) agreed with the assessment, mainly in light of the lightweighting and down-gauging activities within the sector. It was noted that there was a need to ensure that these assumptions were regularly reviewed.

One respondent disagreed with the assessment. The respondent was a Local Authority who commented that the assessment did not tally with the trend of more products being packaged in plastic and with the amount of plastic packaging being collected by Local Authorities.

### **Question 2: In your view, are there other factors which may affect the levels of obligated tonnage reported?**

Some respondents suggested that, as the economy recovers, there should be an expectation of an increased number of obligated businesses and so an increase in the overall obligation. It was also highlighted that this growth would be mirrored by a growth in internet sales, which may not be properly captured by the Regulations.

Respondents also commented that there may be attempts by producers to manipulate their data to reduce their obligation as targets rise and the costs associated with compliance increase.

### **Question 3: Do you have any additional information or evidence to improve the analysis of the costs and benefits?**

Respondents were not able to provide significant additional evidence.

It was claimed that the costs included in the Impact Assessment were understated: this was because the marginal cost of increasing recovery would be more expensive than the average cost of the current tonnage recovered. As the market for packaging recovery is not entirely free, the demand is fixed upon producers and cannot be varied so the market price is very sensitive to the supply-demand balance.

It was also mentioned that the weak demand from China and other overseas markets meant that prices and costs used in the Impact Assessment were overstated and there was a large margin of error in the sensitivity analysis.

As mentioned in Question 1, the Wrap/Valpak report provided additional data regarding the amount of waste arising. This led to a revision of our projection of the price of recovered plastic upwards in the final stage Impact Assessment, which had the effect of increasing the net present value of the proposed plastics options. However, though the net present value impacts increased due to the amendment, they were still found to be negative for each of the proposed options

### **4: What is your preferred option? And why?**

The split of responses for each option is shown on page 4. This section provides a summary of the rationale behind the choice of options:

### **Option P1**

There was little support for this option, with many respondents feeling it was not achievable and would lead to excessive cost on producers.

Supporters of this option (mainly reproprocessors and representatives of the waste sector) claim it is the only option that maintains a high level of ambition and provides strong market signals to investors regarding the future of the reprocessing sector.

### **Option P2**

This option was supported as the “middle” approach. It was felt that this option would encourage greater quality, though there would need to be a clear distinction made between the collection rate and the recycling rate.

It was felt that this option would deliver the lowest compliance costs and that the lower recycling rate would allow for greater clarity over investment decisions.

It was noted that many respondents felt that there would be minimal carry-over of available PRN (evidence) into the 2016 compliance year from 2015, so the biggest possible reduction in targets would be best for the market, and to keep costs low.

### **Option P3**

Respondents felt that this option would provide the best link to the expected Circular Economy Package and the proposals for new Directive targets because the targets would put the UK on a trajectory to meet the EU proposals for 2025. It was felt that the higher targets would drive investment in the sector and that the option balanced supply and demand, resulting in the best cost/price model for all parties.

### **Option G1**

Respondents in favour of option G1 stated that it would provide greater stability and would ensure that the cost of compliance for glass remained low. It was also felt that there was no drive to increase the targets, as the economic and environmental benefits of an increase were minimal and that there should be no increase until there was suitable infrastructure to deal with the higher volumes of material.

### **Option G2**

Option G2 was supported by the majority of respondents as it would help Local Authorities in meeting their targets for recycling of 50% of household waste and would keep the UK on track to meet any new targets proposed as part of Circular Economy Package. It would also minimise costs in the long term by stimulating early investment in the required infrastructure.

An alternative to Options G1 and G2 was also presented: it proposed keeping the same targets for 2016, and then a 1% rise to 2020. This was not pursued as analysis showed that it would have been more costly and have a worse NPV than option G2 for very little environmental gain.

## Additional comments

The following comments were made about the system as a whole:

- PRN system needs overhaul to meet new requirements
- The current system does not address quality – it prioritises volume
- There is a perceived imbalance between the UK based and export markets
- Glass for treatment should not be exported, this is landfill by the back door
- Glass into aggregate should be classed as recycling
- The Impact Assessment does not take into account the actual costs to business/Local Authority, it is too academic in its approach
- Industry needs support, as too much plastic ends up as RDF
- There is no need to go beyond the 22.5% Directive target, everything else is gold plating
- To drive change there needs to be engagement with Local Authorities and standard collection
- The remelt/non-remelt split needs to be reviewed –
  - 2018 remelt 70% other 30%
  - 2019 remelt 75% other 25%
  - 2020 remelt 80% other 20%
- Suggestion that much of the data is incorrect (producer & reprocessor), and subject to major fraud

## Government Response

Whilst there was no overall majority for any of the options proposed, the majority of respondents who expressed a view supported options P3 and G2.

The majority of respondents agreed that the data used to underpin the proposals was as accurate as possible and represented the best available information on which to base any decision.

However, new data from the Wrap/Valpak report was used to update the Impact Assessment to reflect the new data regarding plastic packaging waste arising, from 2260kt to 2220kt. This led to a revision of our projection of the price of recovered plastic upwards in the final stage Impact Assessment, which had the effect of increasing the net present value of the proposed plastics options. However, though the net present value impacts increased due to the amendment, they remained negative and it did not affect the relative assessment.

Option P3 was most popular as it was seen to be in line with the direction of travel being set by the Circular Economy Package and also represents the best balance between increased recycling and managing costs for producers.

Option G2 received the most support, as it was felt that the increase would help to drive markets and deliver long term gains, whereas option G1 was seen as being less costly and providing greater stability.

In light of the comments received and the additional data provided, the Government intends to amend the targets in line with option P3 and G2 from the consultation.

## Annex 1

### List of Respondents

1	Yeo Valley
2	Whitehall Garden Centre
3	Plasson UK
4	Firwood Paints
5	David Cooper
6	Saica Natur
7	Fenner plc
8	Brian Hancock
9	Mad Catz Europe Ltd
10	Waste Transitions
11	Waste Pack
12	Biffa Polymers
13	EIA/MCS
14	British Toy and Hobby Association
15	EPS
16	Ecotech
17	CO2 compliance
18	Arc 21
19	Dennis Young
20	DHL
21	British Soft Drinks Association
22	WLGA
23	British Glass
24	Plastics Reclamation Ltd
25	Chase plastics
26	URM Group/Berrymans
27	Horticultural Trade Association
28	Plastics Europe
29	Valpak
30	British Beer and Pub Association
31	JFC (UK)
32	British Plastics Federation
33	360 Environmental
34	Viridor
35	The Packaging Society
36	Recoup
37	Packaging and Film Association
38	Foresight Grp
39	Ecosurety
40	LARAC
41	Resource Association
42	TechUK
43	British Retail Consortium
44/44a	PlasRecycle

44a	PlasRecycle
45	Northern Ireland Local Government Association
46	Association of Convenience Stores
47	Leeds City Council
48	Budgens
49	Biffa
50	Environmental Services Association
51	Chemical Business Association
52	Scotpak/NI pak/ leaf grp
53	Properpack/Veolia
54	SPAR UK
55	Food and Drink Federation
56	DS Smith
57	Environment Exchange
58	REPIC/RESC Ltd
59	Veolia
60	British Polythene Industries Plc
61	ComplyDirect
62	Britvic
63	Richard Williams Ltd

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