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Recycling  
Platform

# PACKAGING WASTE REGULATIONS – A BRIEF SUMMARY WITH POTENTIAL CHANGES

27th November 2019

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# AGENDA

- Overview of the Packaging Waste Regulations
- PRN System
- Franchisor/Franchisee rules
- What to do if you are obligated?
- Enforcement and penalties
- Potential changes to the Packaging Waste Regulations
- ERP UK & Landbell Group
- Q & A





# OVERVIEW OF THE PACKAGING WASTE REGULATIONS



# WHAT ARE THE PACKAGING WASTE REGULATIONS?

## 1994 European Union Directive on Packaging and Packaging Waste 94/62/EC

- First 'Producer Responsibility' legislation – others include WEEE, Batteries and ELVs
- Aims to divert packaging from landfill and develop recycling infrastructure
- Each EU country must meet Recovery & Recycling Targets by defined EU deadlines

## Packaging Waste Regulations in the UK

- Introduced in 1997, now “The Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended)”
- Separate regulations for Great Britain and Northern Ireland
- Environment Agencies act as regulators – EA, SEPA, NRW & NIEA
- A Producer is any business meeting BOTH thresholds - more than 50 tonnes of packaging handled in the UK per year and whose turnover exceeds £2 million. Applies to groups of companies too.
- Producers must contribute to Recovery & Recycling of packaging waste to meet targets



# OBLIGATED AND NON-OBLIGATED PACKAGING

## Packaging is anything that....

Contains

Protects

Handles

Delivers

Presents

Obligated	Not obligated
New packaging	Reused / second hand packaging (unless imported). N.B. Reused packaging is <b>not</b> the same as recycled packaging
Packaging owned by the company when an activity is performed, including packaging which is leased or hired out to another business.	Packaging that is not owned by the company when the activity is performed.
Performing one or more activities on the packaging (e.g. packing/filling and selling) and supplying to the next stage in the chain.  Directly imported packaging (i.e. packaging and packaging around products purchased from non-UK entities.	Packaging that is not supplied outside a business entity (Internal supply)  Packaging that is removed from products (unless imported)  Exported packaging – no obligation, but must still be declared in submission.

# PACKAGING WASTE – SYSTEM & TARGETS

## Unique system in the UK

- “Shared Producer Responsibility” across the packaging chain – Raw material manufacturer 6%, converter 9%, packer/filler 37% & seller 48%, plus imports
- Annual data submission
- Commodity based system: evidence of compliance (PRNs) and costs of recycling driven by market conditions
- Encourages greater competition and lower monetary costs compared to other EU member states


## UK Recovery & Recycling targets

- Placed on packaging handled by obligated businesses – activity and recycling targets: e.g., plastic = 55% in 2019, 1,000T plastic packer/filler = 204T obligation = PRNs required
- UK sets higher than EU targets to account for businesses below the “de-minimis” thresholds
- Targets reviewed periodically by UK Government; generally increase year-on-year to meet EU targets
- PRN revenue increases material collection, recycling capacity & end markets to meet rising recycling targets



# UK RECOVERY & RECYCLING TARGETS

## UK Recovery and Recycling Targets

	2017	2018	2019	2020
Overall Recovery	79.0%	80.0%	81.0%	82.0%
Paper	69.5%	71.0%	73.0%	75.0%
Glass	77.0%	78.0%	79.0%	80.0%
Aluminium	55.0%	58.0%	61.0%	64.0%
Steel	76.0%	79.0%	82.0%	85.0%
Plastic	51.0%	53.0%	55.0%	57.0%
Wood	22.0%	38.0% 	43.0%	48.0%
Minimum total recycling <sup>1</sup>	92.0%	92.0%	92.0%	92.0%

1) Minimum % of overall recovery target to be achieved by recycling



# PRN SYSTEM





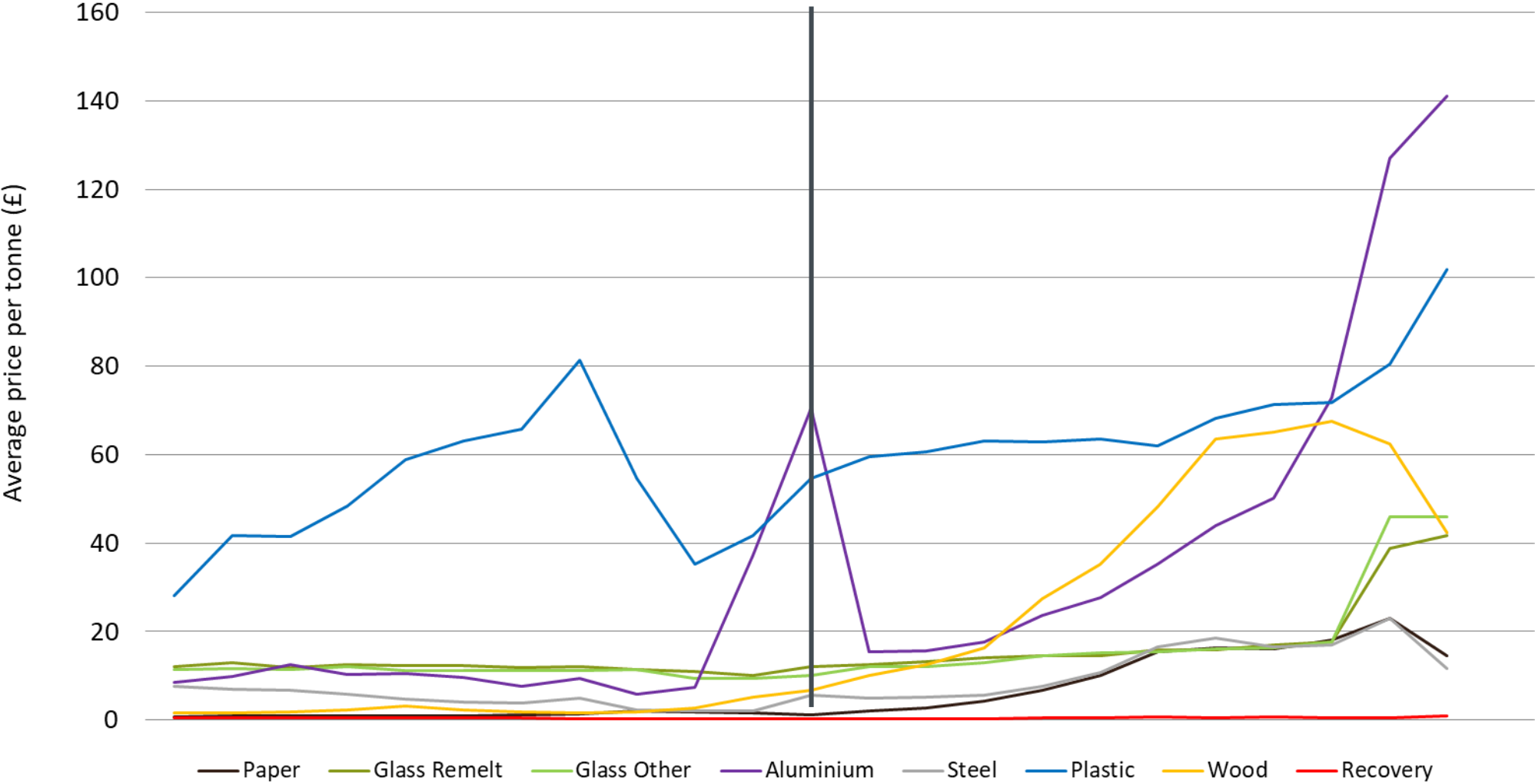
# PACKAGING WASTE RECOVERY NOTES (PRNS)

- Evidence of packaging recycling taking place. It is documentation that accounts for 1 or more tonnes of material specific recycling or recovery that has taken place by an Environment Agency accredited recycler or re-processor.
- Only valid for current year, plus December 'carry forward'
- Producers/schemes must obtain PRNs to meet their company's/scheme's obligation
- PRNs are a commodity, subject to market forces. Recent examples are:
  - China restricting the type/quality of paper and plastics they accept from the UK for recycling – Green Fence & National Sword (84% increase in Plastic PRN prices in 2017)
  - Full ban on Paper and Plastic to China in 2018
  - A shortage of accredited glass recyclers and fraud in 2012
  - Reprocessors stockpiling, reducing the availability of PRNs and pushing prices up
  - Global metals prices
  - Wood targets increase from 22% to 38% in 2018, plus diversion of wood waste to biomass boilers



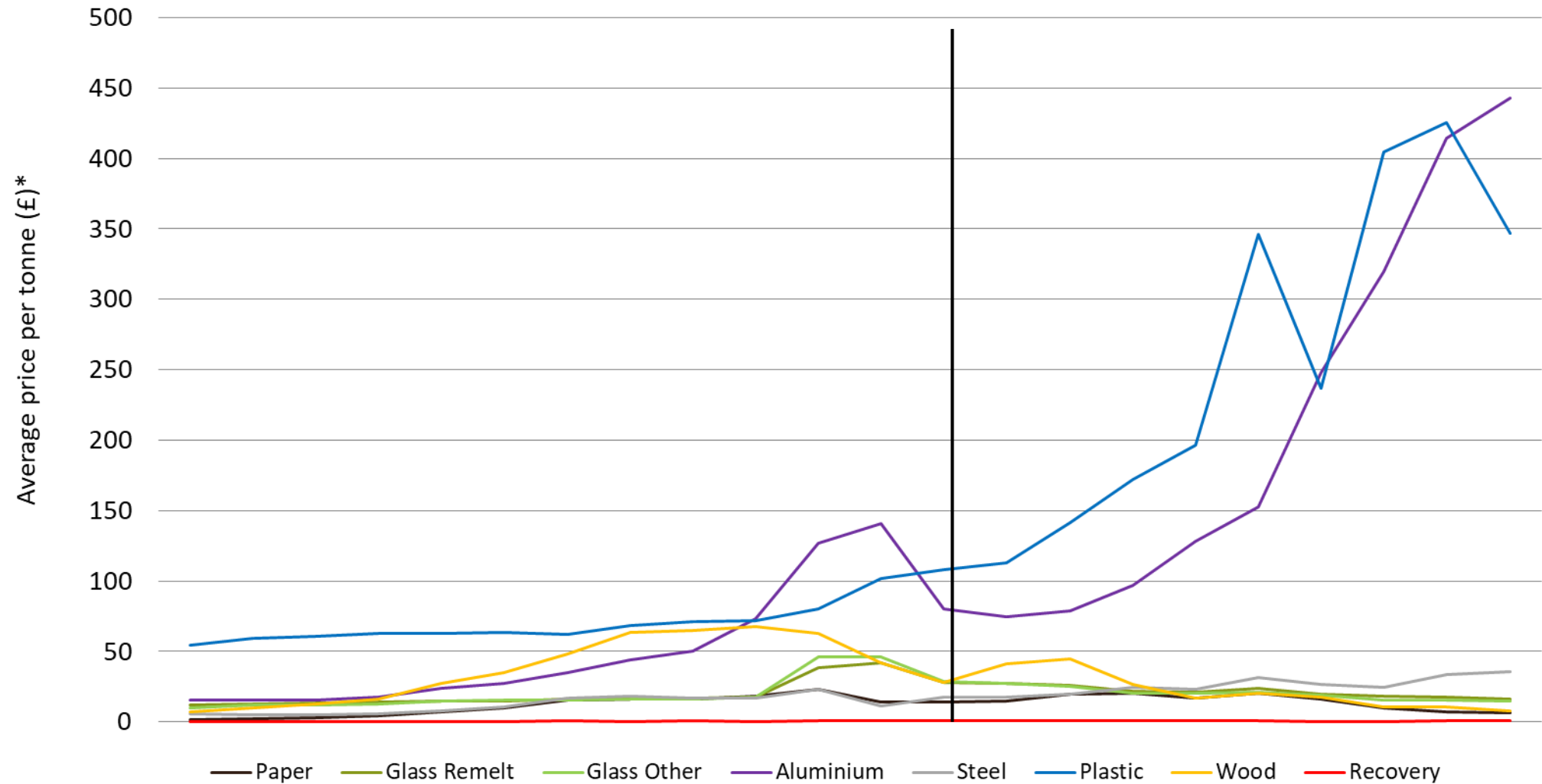
# PRN MARKET HISTORY

2017 - 2018



# PRN MARKET HISTORY

2018 – Oct 2019





# MARKET FORECAST – Q4 2019

- Government Q3 reprocessing data published 22<sup>nd</sup> October:
  - provides a clearer view on the UK's performance for the year to date
  - a mixture of some increases and some decreases in prices – still significant volatility
  - ERP advises taking a conservative approach to budgeting for 2020
  - Plastic - £480 in October, settled at £300-400, very sensitive to availability, looks more positive for complying nationally
  - Aluminium – looks more positive, but still slightly behind target, prices over £450
  - Paper – recycling performance is strong and we're close to target, prices dropped, also good news for General Recycling
  - Steel, wood and glass - all appear to be in a good position to achieve targets, but steel seeing small rises, glass is stable and wood has reduced in price
- Compliance fee - Packaging Scheme Forum has asked for this to act as a back stop if the UK is at risk of non-compliance. Government has confirmed that this will not be implemented for 2019, but the Environment Bill provides the basis to establish a compliance fee mechanism for all EPR regimes in future domestic legislation.



# FRANCHISOR/FRANCHISEE RULES



# FRANCHISORS AND FRANCHISEES

Since changes to the Regulations in 2005, a franchisor is required to take the obligation on all packaging that

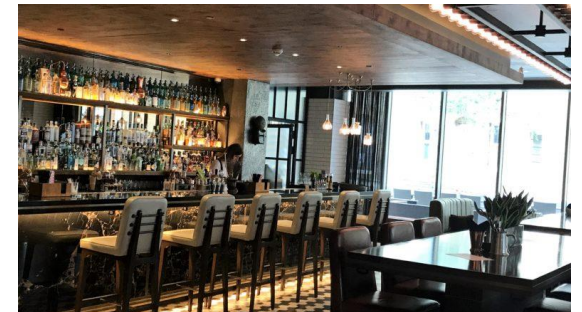
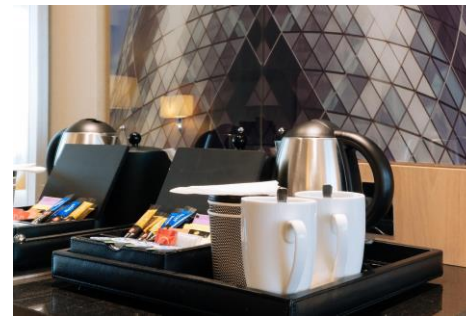
- is supplied as part of an agreement between the franchisor and 'franchisee', where the franchisee is obliged to purchase the goods, associated packaging or packaging to be used to contain the goods from the franchisor or a nominated supplier

where

- the packaging handled by the franchisee bears, or is associated with products that bear the trademark of the franchisor

The obligations **only** apply to the franchisor **where the franchisee does not** meet the threshold requirements.

Basically, if you meet both thresholds as a franchisee you are **obligated** and you need to **include all brands you operate!**





# WHAT TO DO IF YOU ARE OBLIGATED?



# WHAT DO PRODUCERS NEED TO DO TO COMPLY?

- Register with a Producer Compliance Scheme (PCS) or the Environment Agency directly
- Provide an accurate data submission (annually), based on the previous calendar year, to the PCS or Environment Agency:
  - 7<sup>th</sup> April for direct registrants
  - 15<sup>th</sup> April for scheme members
  - Scheme deadlines are often 28<sup>th</sup> February
- Calculate the number of tonnes of packaging waste the company must finance the recovery and recycling of (the 'obligation') – PCS does this
- Fund the recycling and recovery of specific tonnages of materials through the purchase of Packaging Waste Recovery Notes (PRNs) – PCS does this
- Submit the recycling evidence to the relevant Environment Agency – PCS does this





# ENFORCEMENT AND PENALTIES





# OFFENCES, PROSECUTIONS AND CIVIL SANCTIONS

- Obligated Producers can commit four offences per annum:
  - failure to register
  - failure to meet recovery and recycling obligations
  - failure to provide a certificate of compliance, and
  - providing false or misleading information
- Environment Agencies have extensive powers including powers of entry and taped interviews under caution. Enforcement options are:
  - formal written warnings
  - prosecutions and fines
  - Civil Sanctions Enforcement Undertakings – since 2011
- Fines reflect historic costs of compliance avoided, plus a penalty and court fees
- Fines over £100k not uncommon, highest was £650k for a well known symbol group!



# POTENTIAL CHANGES TO THE PACKAGING WASTE REGULATIONS



# PACKAGING COMPLIANCE INDUSTRY UPDATES



- Government's Resources & Waste Strategy – December 2018, complete overhaul for EPR to meet EU Circular Economy Package (CEP)
  - <https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england>
- Government consultation phase 1 in 2019 to look at reforming the Packaging system for 2023
  - Removal of compliance schemes?
  - Single point of obligation – manufacturer or seller
  - Lower thresholds and better data reporting
  - More monitoring and enforcement
  - Modulated fees to reward recyclability and recycled content
  - Producers will be forced to pay full costs of disposal of packaging they place on the market
  - 2019 German Packaging Laws set precedents
- DRS - Deposit return scheme (certain drinks packaging) scheduled for deployment in 2023
- Government is looking to introduce a tax on plastics with less than 30% recycled content
- National recycling labelling scheme - OPRL grows with involvement of brands/manufacturers

OUR WASTE,  
OUR RESOURCES:  
A STRATEGY FOR  
ENGLAND





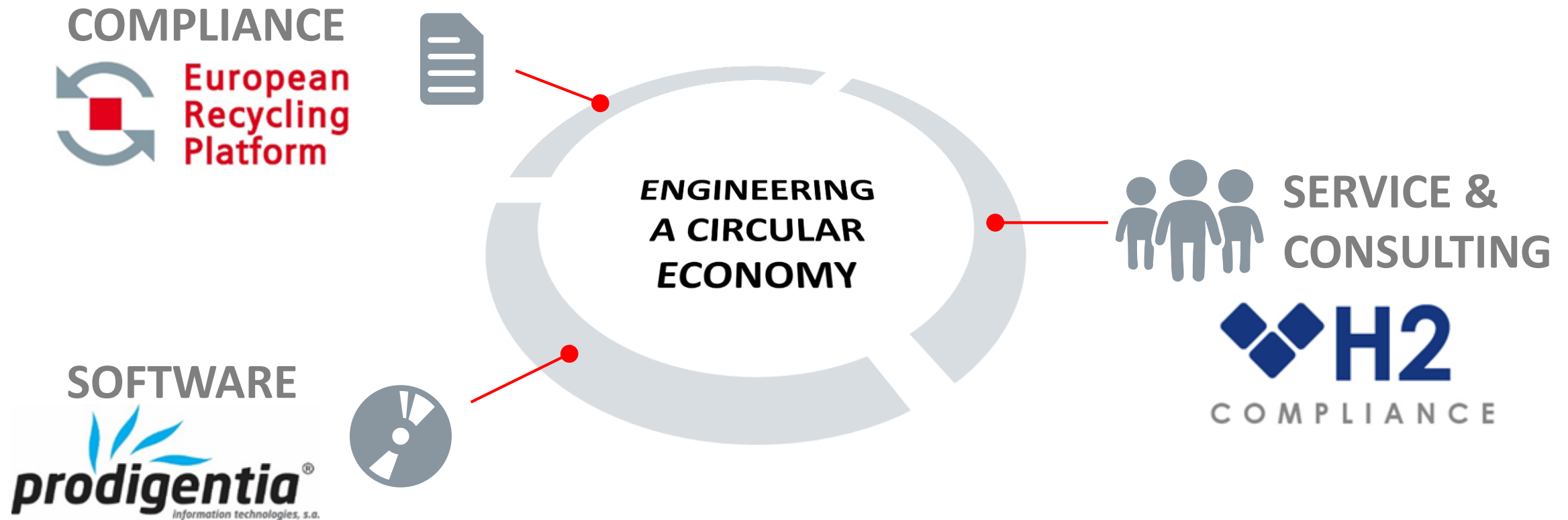
# ERP UK & LANDBELL GROUP



# SERVICES FOR ENVIRONMENTAL COMPLIANCE

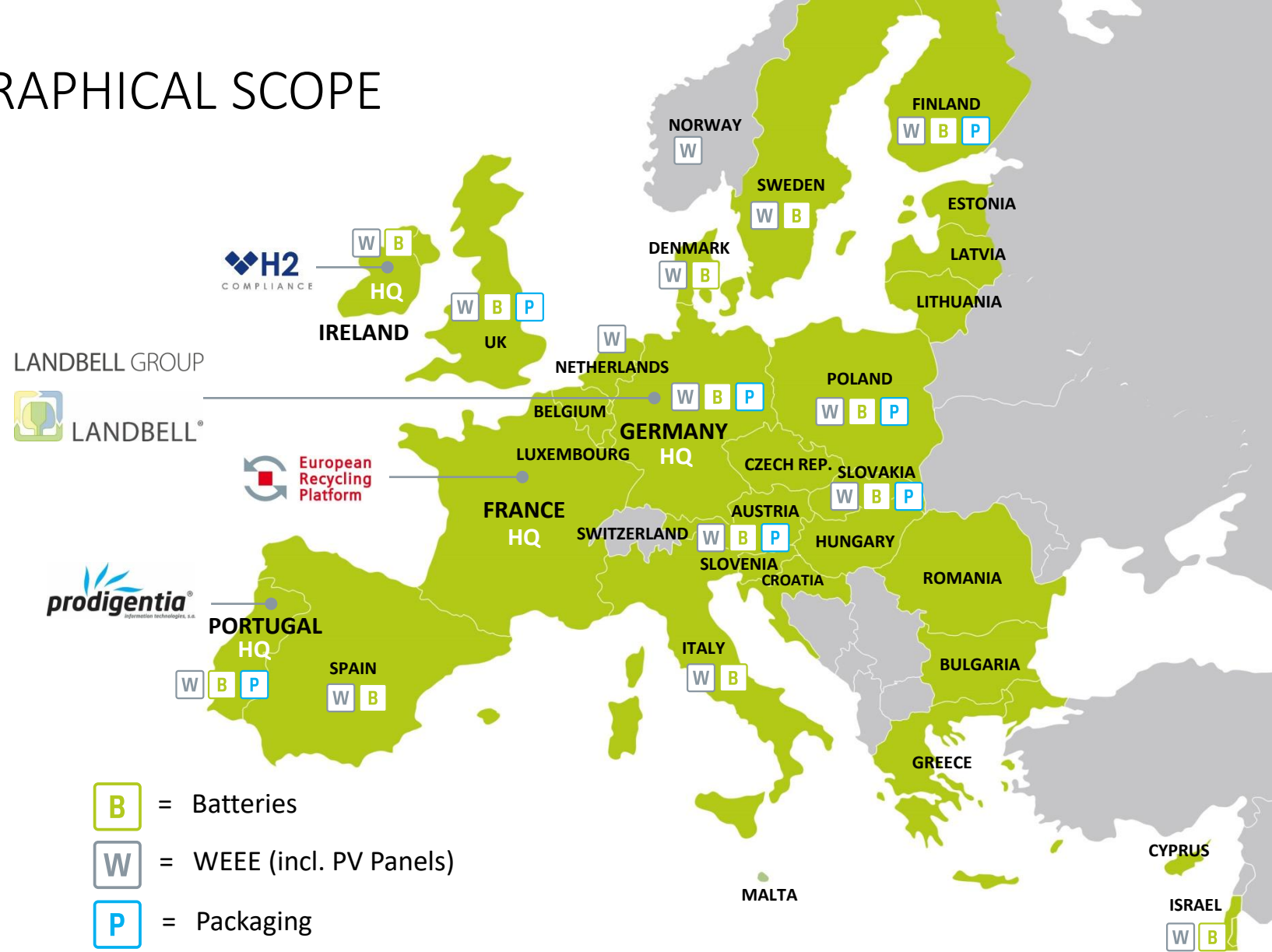


The Landbell group is the **leading service provider for environmental and chemical compliance** in Europe and beyond.



# LANDBELL GROUP – GEOGRAPHICAL SCOPE

- Covering 35 compliance schemes over the EU + Israel & Norway
- WEEE, batteries, packaging, PV panels compliance solutions
- 300 employees
- Direct operations with ERP/Landbell owned permits in 18 countries
- Waste Volumes collected:
  - Over 3M tonnes WEEE
  - Over 50,000 tonnes portable batteries
  - Over 7M tonnes packaging
- Over 26,000 customers



# ERP UK'S PACKAGING COMPLIANCE SCHEME



- “Our aim is to reduce complexity for customers”
- ERP is one of only five schemes in the UK that provides a “one-stop-shop” for WEEE, Batteries and Packaging compliance

ERP UK is currently the packaging compliance scheme for:

- Over 160 Producers in Great Britain & Northern Ireland
- Rated “Excellent” by the Environment Agency in our last audit, displaying “evidence of exceptional performance and best practice.”





# ERP UK DATA SERVICES



ERP UK provides data collection and calculation services, operating the UK's longest-standing data service (dating back to 1998).

- Over 150 UK & Irish customers, across Packaging, WEEE & Batteries, acknowledged by the Environment Agency
- Data Team of 7 people & Compliance Account Management team of 4 people
- Bespoke software and database solution - PRODAS
- Customers typically retailers, wholesalers and importers/distributors – large number of products and no access to weights
- International data and compliance service available
- Plastic Pact & OPRL – additional data requirements for plastic polymers, etc., likely future UK reporting requirements will require more detailed reporting by 2023

Our customers include:



# Q & A



# CONTACT DETAILS



## LANDBELL GROUP

Your service provider for all environmental and recycling topics

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