

EPR Consultation - proposed changes to the current PRN system

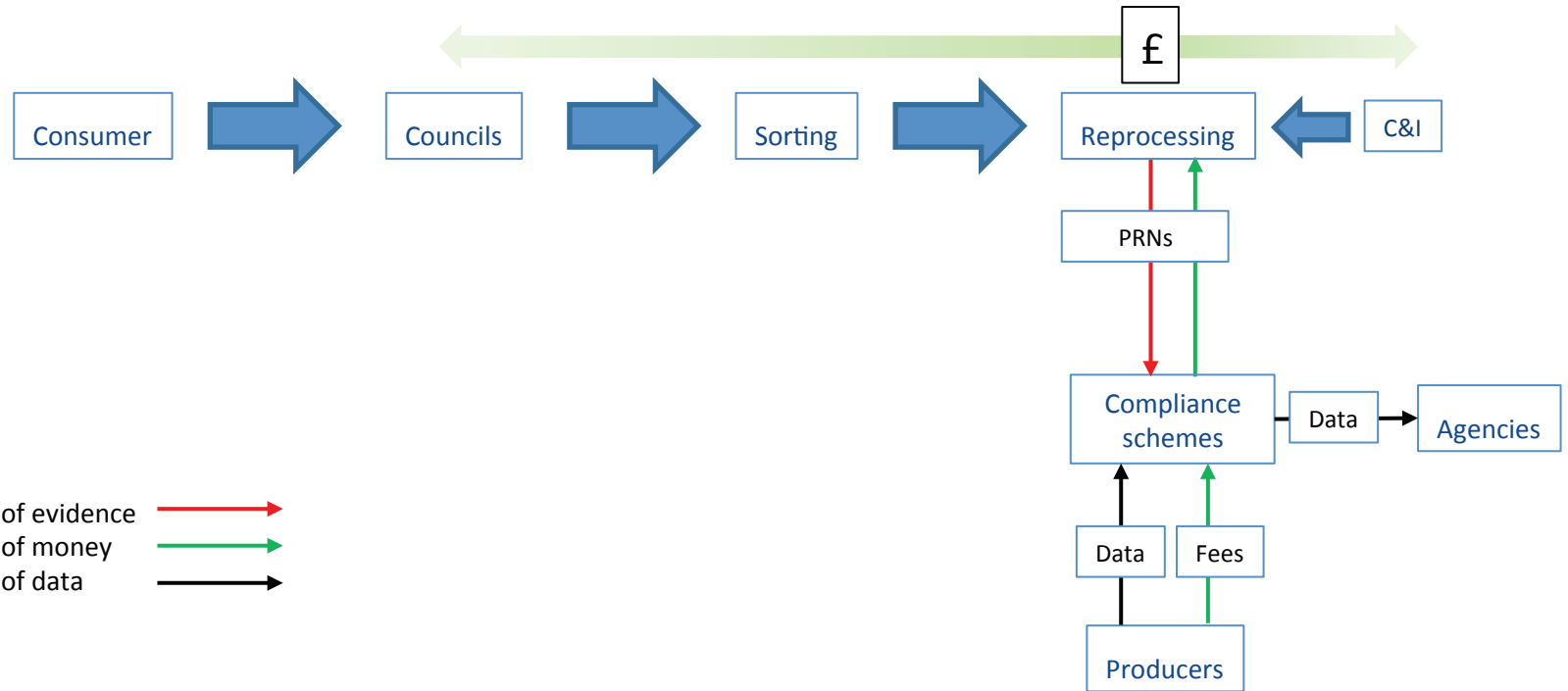
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Chairman Advisory Committee on
Packaging

Issues

- Models and governance, analysis & pros and cons of the four models
- Full net cost recovery
- Point of obligation
- Allocation of costs and ownership of material

Current System



Flow of evidence 
 Flow of money 
 Flow of data 

Oversupply



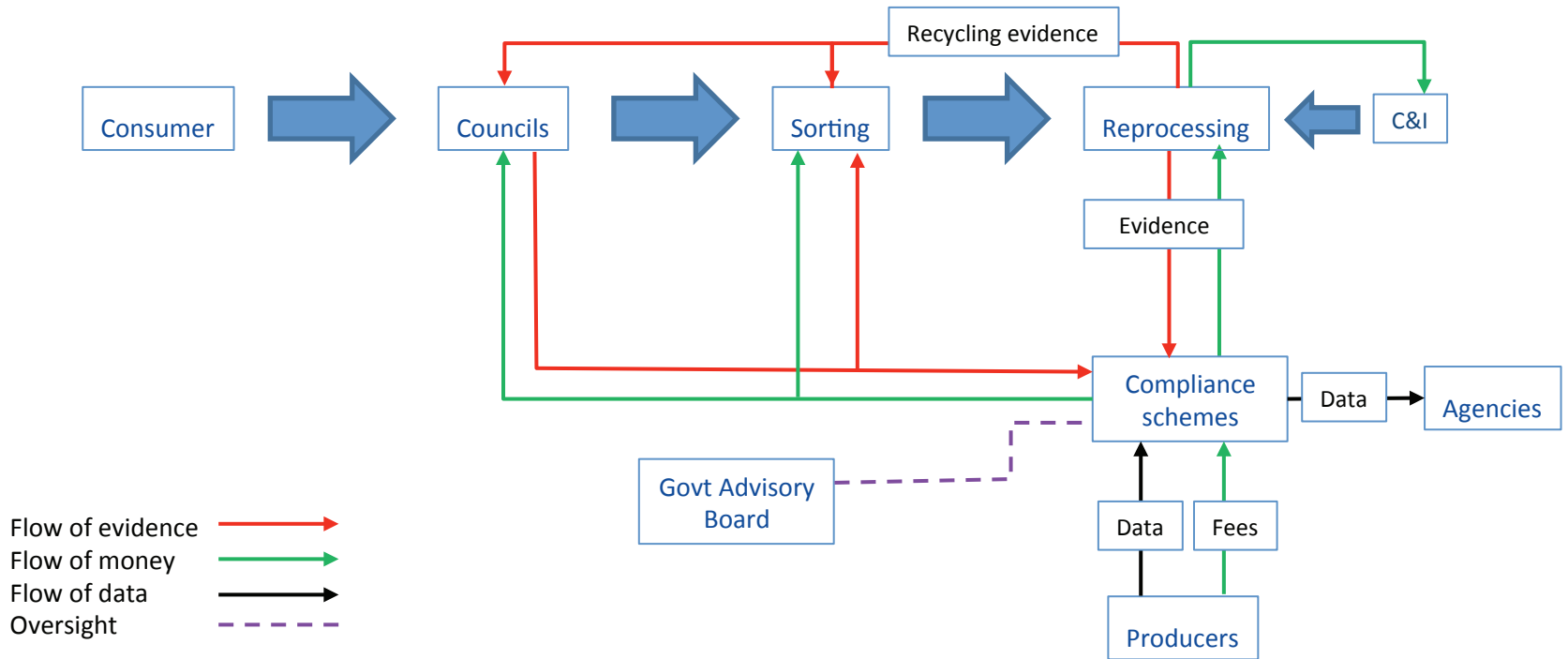
Producer/scheme

Undersupply



Reprocessor/exporter

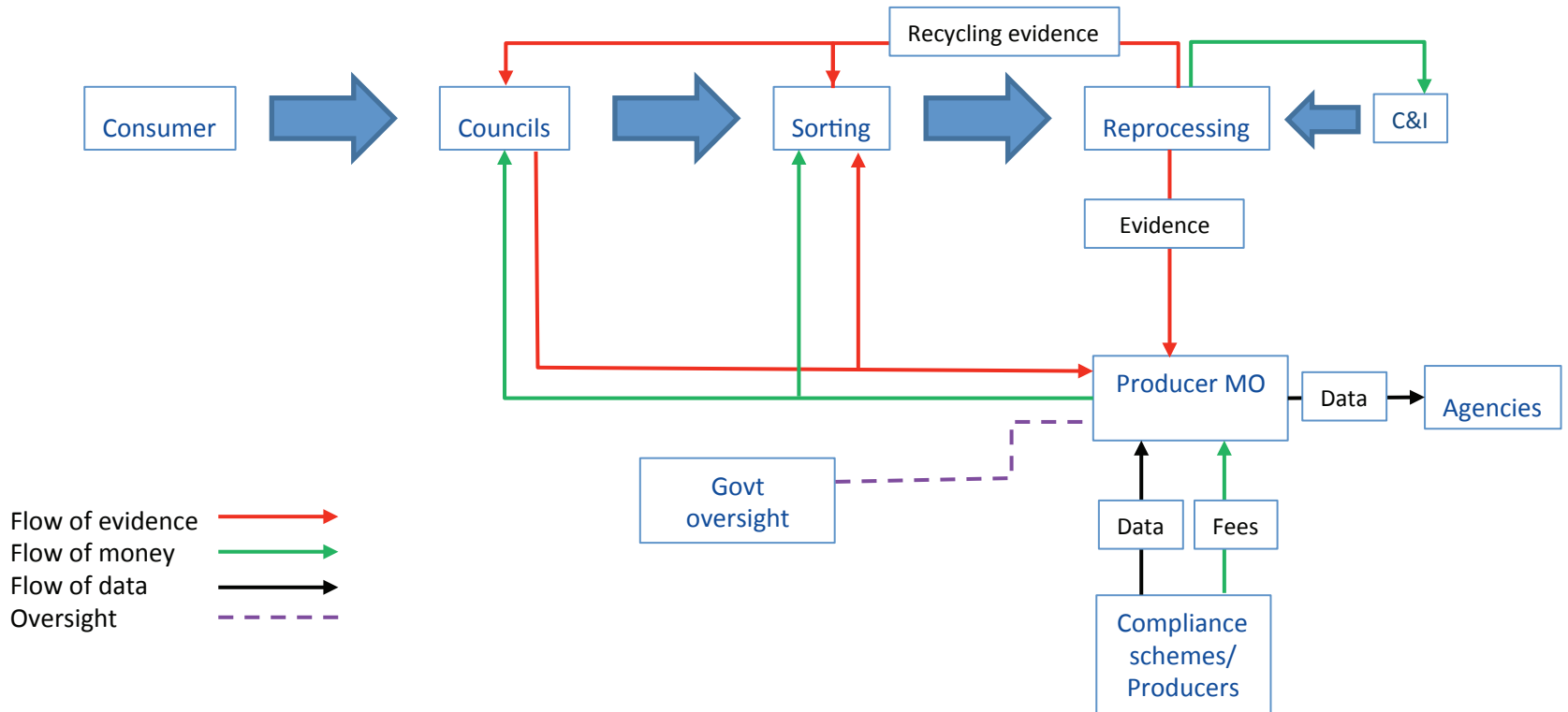
Option 1 – compliance schemes



Pros and cons

- Enables current operating infrastructure to continue
- Provides producers with compliance choice
- In theory, competition should drive efficiency
- Single point of target accountability
- But what accountability do FNCR recipients have?
- Low cost central body
- Complexities of multiple schemes contracting with multiple LAs
- Could lead to less emphasis on quality and strategic investment and more on cost
- Cost transparency more complex

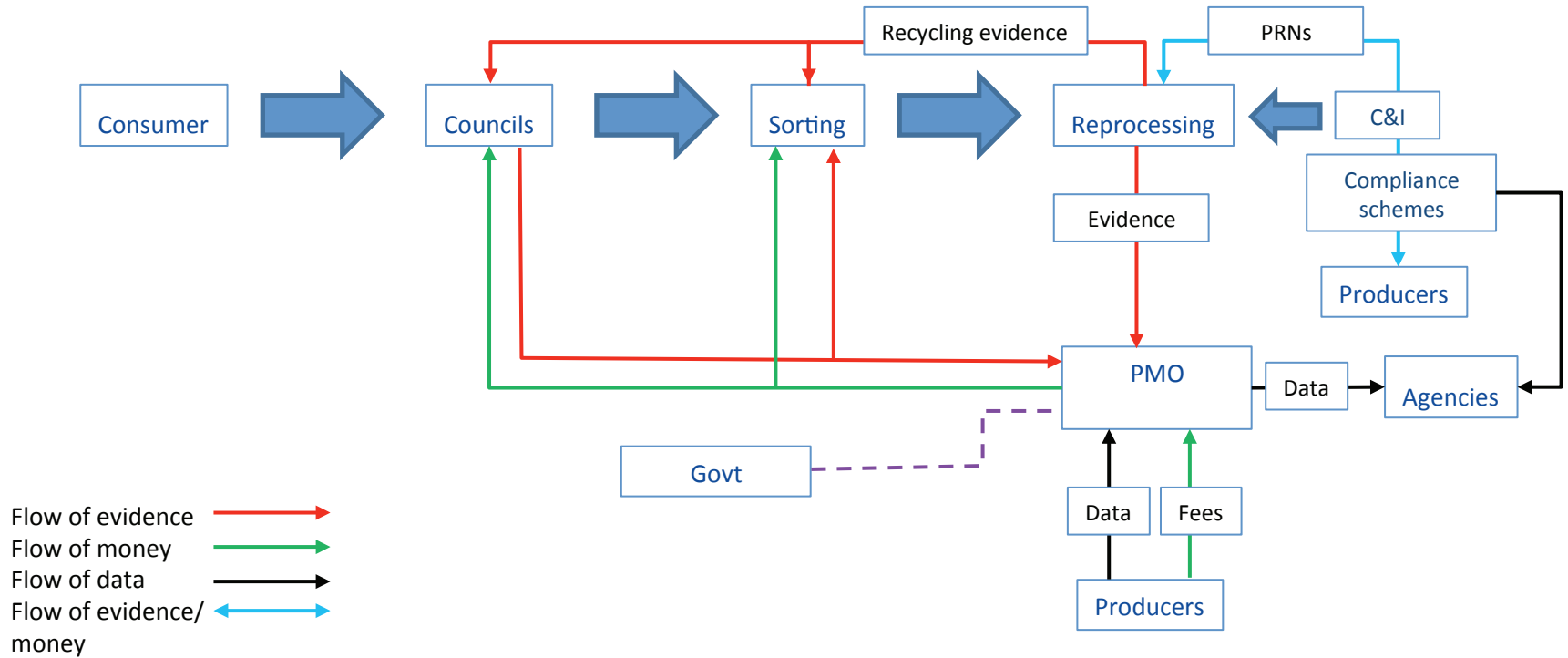
Option 2 – central body



Pros and cons

- Single point accountability with more potential for strategic growth
- Transparent level playing field for producers
- Opportunities for wider auditing/free rider capture
- Reduces monitoring burden on Agencies
- No choice for producers
- Central body costs likely to be very high with little accountability
- Biggest change to current system with potential transition disruption

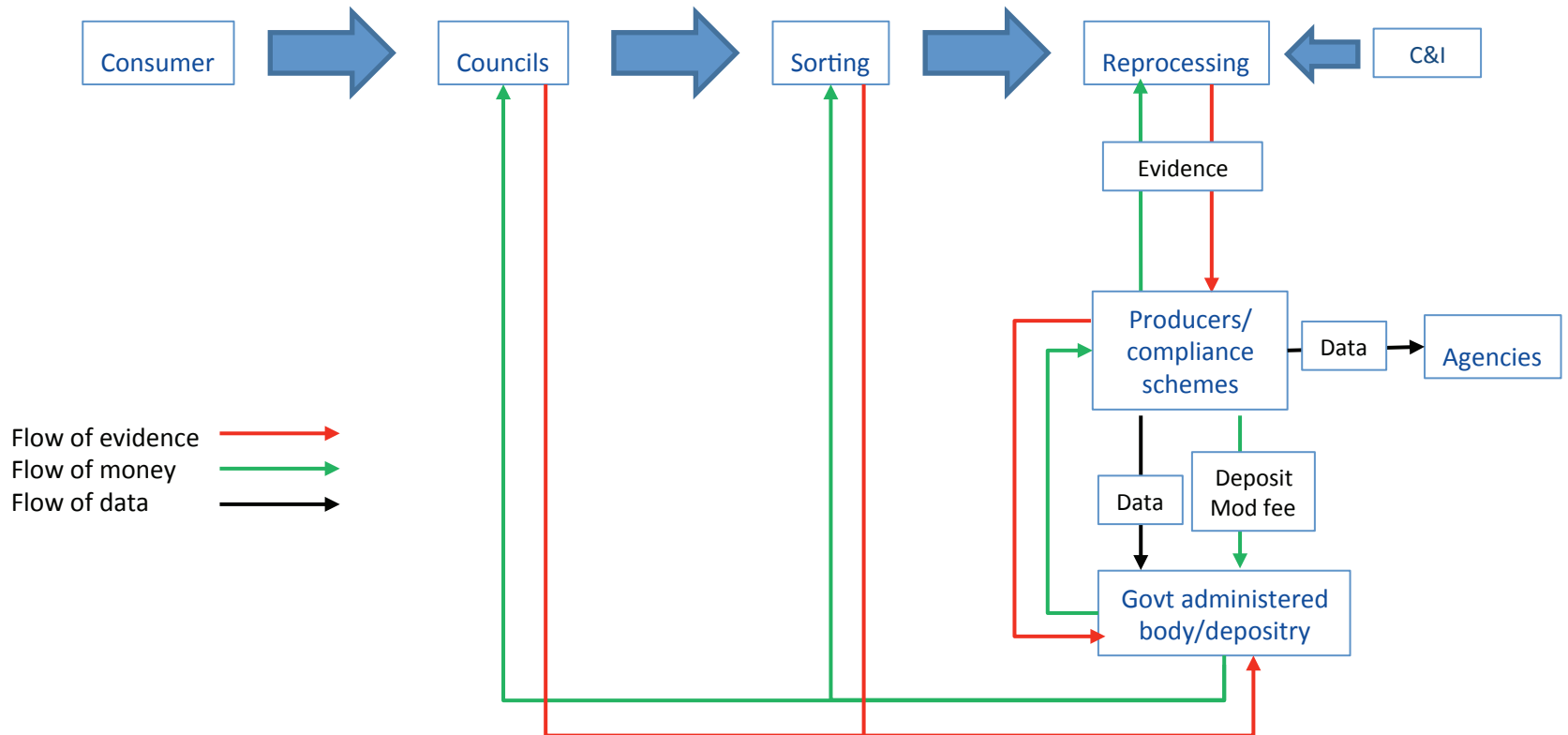
Option 3 - hybrid



Pros and cons

- Retains choice for producers on C&I
- Enables central body to focus on FNCR system
- Applies level playing field for household and household like producers
- Applies competition to C&I evidence market
- Potential for confusion over commercial and household FNCR waste
- Would require double registration for most producers
- Potential costs of two separate management systems

Option 4 - Deposit



Pros and cons

- High cost of deposit should be effective driver of recyclability
- Provides continued role for schemes
- Large government central body needed for disbursement of FNCR
- Excessive cost to producers well above other options
- Deposit level will drive evidence costs
- Extremely complex to administer
- Will it meet targets?

Full Net Cost Recovery

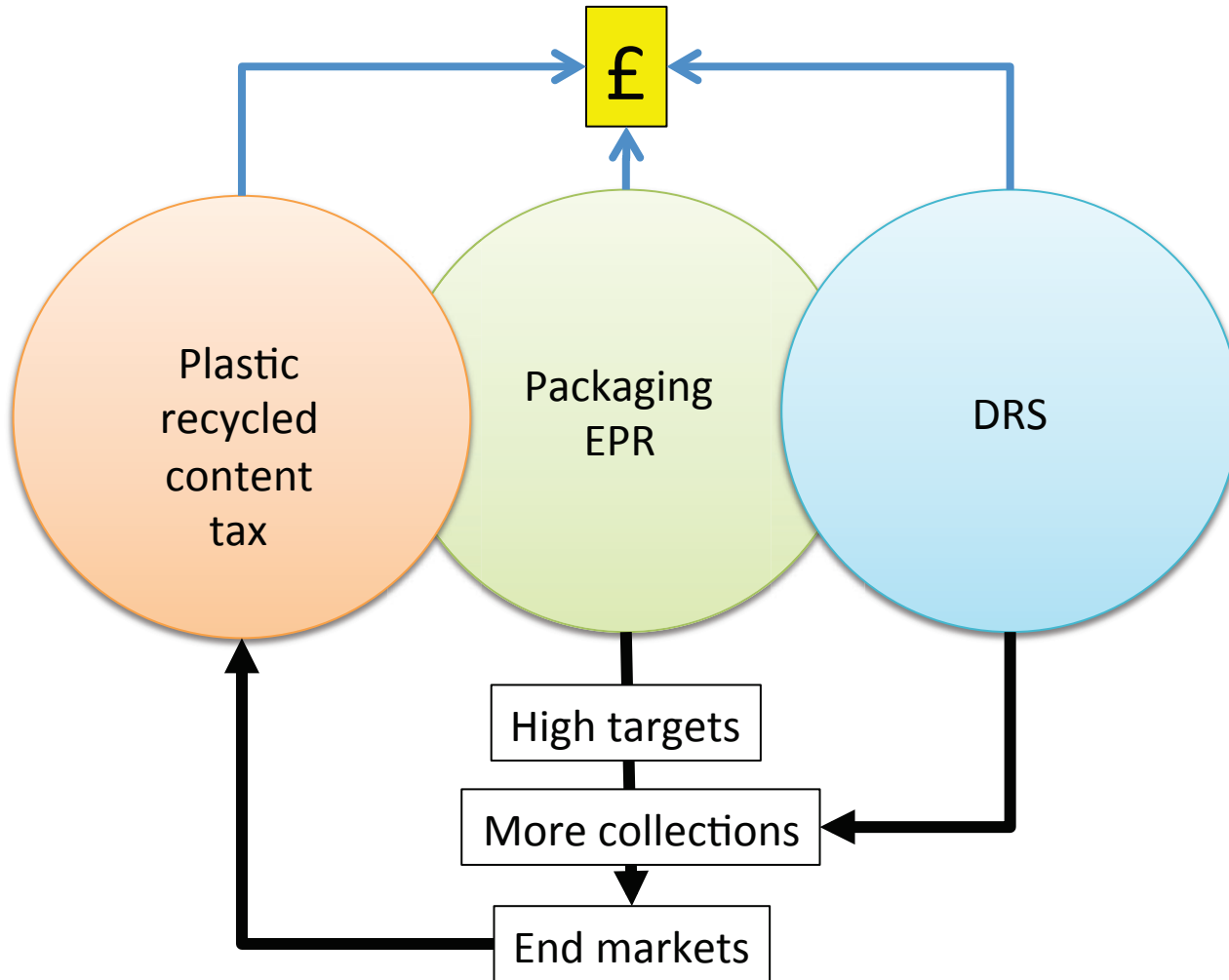
- Collecting and transporting household and household-like packaging waste for recycling.
- Sorting and treatment of household and household-like for recycling with income netted off.
- Disposal of packaging waste in residual waste stream.
- Communications to consumers.
- Clean-up of litter and fly-tipped packaging waste.
- Collection and reporting of relevant data including litter and fly-tipping.
- Compliance monitoring costs by regulator.
- System management and administration costs.

£644
recycling

£174/£197
residual

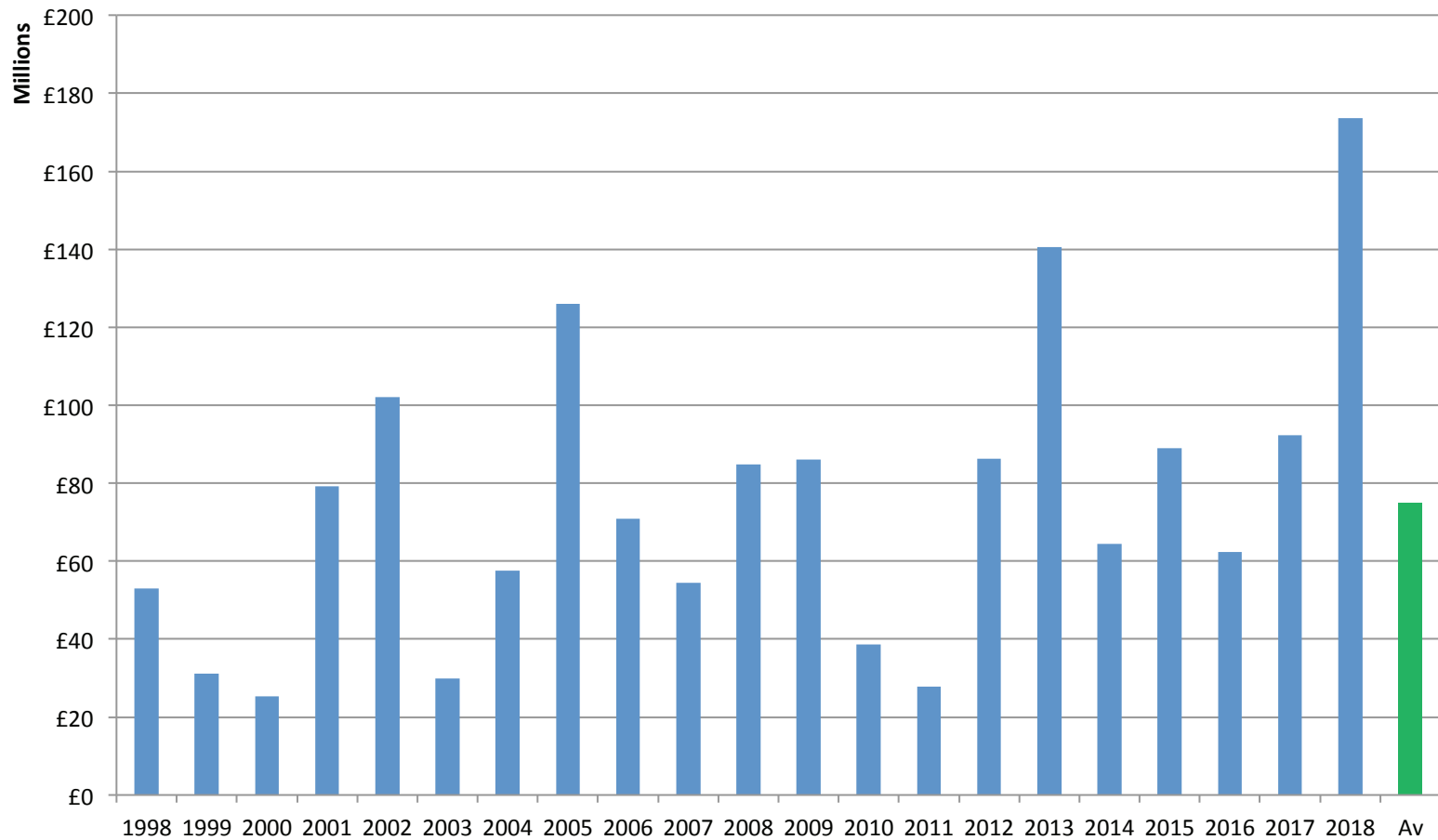
£800
litter

Compatibility



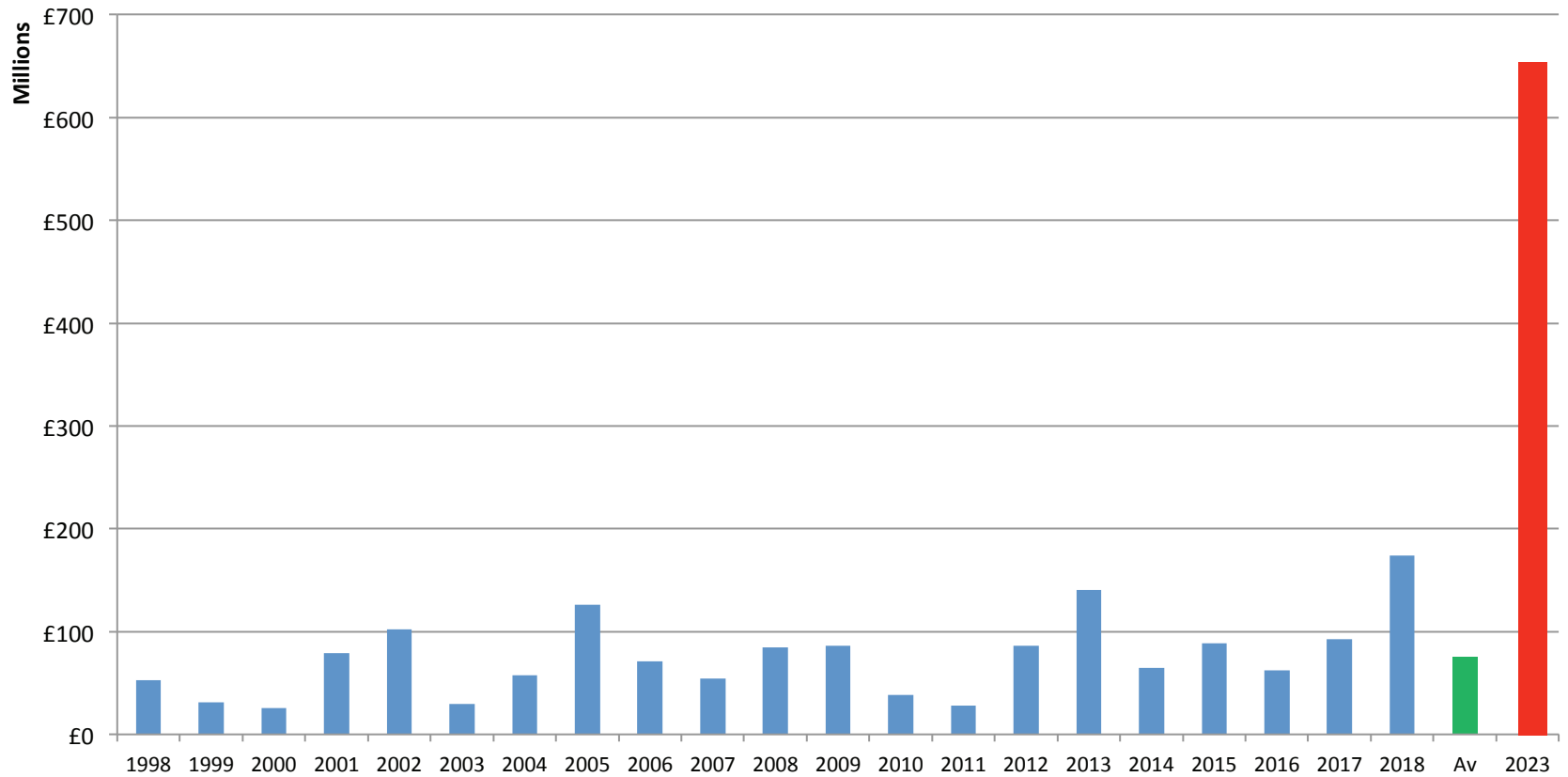
Cost impact

Annual cost of compliance 1997 - 2018



Cost impact

Predicted cost of recycling



Point of obligation

- Option 1 – targets sit with compliance schemes but how do they influence LAs to increase recycling?
- Option 2 – greater control over strategic disbursement of FNCR
- Option 3 – separate targets allow focussed accountability
- Option 4 – mixed accountability could dilute control

Allocation of costs and ownership of material

- FNCR options:
 - Netting off value before claim
 - Claiming full cost with ownership of value sitting with schemes/central body
- Calculation of FNCR hugely variable between LAs
- Household-like FNCR potential for fraudulent claims
- System could be hugely complicated by nation-based targets/evidence

Other points

- Approved list of materials – who and how?
- Single/multi point responsibility
- Reporting by nation
- Distance selling capture
- Labelling
- Mandatory accreditation
- Tightening of exporter rules
- Compliance fee for missing targets
- 2nd consultation early 2020

Summary

- Hugely challenging just to read – 125 pages and 92 questions
- Devil is in the detail
- Massive change proposed that will require extremely complex regulations
- Won't be a blank cheque for local authorities as producers will demand effective accountability and results
- Should keep consultants occupied for years!