

PRN Reform and Extended Producer Responsibility

Introduction

The UK Packaging Recovery Note (PRN) system is over 20 years old and has played an important role in increasing the UK's packaging recycling rate and in driving a more circular UK economy. However, there is broad recognition that to continue this good progress, the current system needs to be reformed so as to increase funding for recycling and litter prevention, to ensure continued compliance with the EU Circular Economy Package and to meet the UK Governments ambitions under the Resources and Waste Strategy.¹

Over the past 18 months the Government has engaged in a wide-ranging dialogue and public consultation to chart reform of the UK's Extended Producer Responsibility (EPR) system. The UK's Paper-based Industries have engaged in a broad discussion with key stakeholders across a range of material sectors, with the aim of supporting proposals that are widely endorsed. This paper presents the Paper Industry's requirements from future proposals. These are supported by the UK's Paper-based Industries and their underlying principles are shared by all stakeholders in the UK packaging supply chain, across all material sectors.

The PRN System

The UK PRN (Packaging Waste Recovery Note) system is the mechanism used in the UK to implement the requirements of the European Directive on Packaging and Packaging Waste 94/62/EC. The system was jointly developed by industry working with Government and is designed using the principle of 'producer responsibility'. This means that packaging producers (those manufacturing, handling, filling or selling) are required to contribute to financing the recovery and recycling of packaging materials so that the UK achieves the European packaging recycling targets. In practice, packaging producers are required to provide a financial incentive to the Recycling Industry to collect and reprocess (or export for reprocessing elsewhere) sufficient material to meet the targets set by the Government. The system does not necessarily finance the full cost of recycling or recovery but instead is designed to provide a "top up" subsidy to market prices to incentivise reprocessors to process sufficient material. It is generally accepted to be a relatively low-cost solution which is proven efficient by comparison with other European systems.

Reasons for Supporting the Reform

As a bio-based industry utilising a sustainable and renewable resource, the Paper Industry is keen to be seen to address issues such as resource use, sustainability, recyclability, overpackaging, and litter. Whilst the PRN system has achieved its original aim, which was to drive up the national household recycling rate, since 2011 this has flatlined at approximately 45%, and short of the 2020 target of 50% (in 2019 the overall paper recycling rate was 68% and for paper packaging it was 78%), leaving many commentators believing that alternative mechanisms are now necessary to drive future improvements. CPI is supportive of the need to change and believes that to achieve further gains and accurately report recycling rates, all reprocessors and exporters of secondary materials should be "obligated" under the system. This should be combined with mechanisms to ensure greater transparency in reporting where funds are deployed in support of recycling. To support this, enhanced funding should be provided for targeted communication programmes and to bolster collection infrastructure, support "on the go" recycling, promote collection consistency and improve material output quality. The latter being key to the stability of the UK recycling infrastructure, which is reliant upon export markets to find outlets for UK derived recycle.

¹<https://www.gov.uk/government/publications/resources-and-waste-strategy-for-england>

Principles of PRN Reform

The Confederation of Paper Industries (CPI) believes that change to the existing PRN system is desirable and that six fundamental principles should sit behind any future reform as follows:

1. All stakeholders should play their part (with a reduced de minimis and limited exemption)
2. The system should recognise and reward Recyclability
3. The system should recognise and reward the presence of Recycled Content
4. It should support Consistency in both collection methodology and the types of materials collected
5. Revenues should be administered by an independent body
6. All reprocessors and exporters should be included.

In addition, CPI advocates that a reformed PRN system should have the following attributes:

- Any change to the existing PRN system should be implemented across the UK with no variation across the devolved administrations
- Existing obligations are maintained across the producer supply chain
- Any reform should be founded in the existing system rather than undertaking a complete change along the lines of other European EPR systems such as Eco-Embellage or Der Grüne Punkt
- The system should be required to achieve targets laid down by the Government
- It should improve the transparency of funding
- Funding generated by reform must be channelled to help improve the collection of high-quality materials, with paper and board collected separately from other recyclates
- One material should not subsidise another
- The “dominant” material principle must apply
- Priority should be given to supporting the WRAP Consistency Framework for local authority kerbside collections
- A proportion of material specific funds should be channelled through material organisations to encourage technical development in reprocessing
- The administrative body responsible for defraying funds should contain representation from industry as well as members from NGOs, local authorities and their service providers.

Summary

CPI recognises that the existing PRN system has been successful in driving improvement in the national packaging recycling rate, but needs revitalising if future targets are to be met. CPI believes that any future system should be both efficient and fair and encourage a competitive, balanced low-cost solution for stakeholders.

Any revised system should be based around the requirement for mandatory participation from all stakeholders and with greater transparency about where funding is received and spent. Additional funding should be spent on communication campaigns and infrastructure improvements to raise awareness of recycling and drive recycling rates, administered by an independent body containing representatives from a range of stakeholders, because engagement with the public to change long term social behaviour is vital in ensuring a reformed system operates efficiently.

The Government intends to undertake a second public consultation in the latter half of 2020. This will shape future reform planned to take effect in 2023. CPI is fully engaged with Government on these issues and will continue to advocate its principled approach and respond to the public consultation in due course.

Further Information

For further information on this issue please contact Simon Weston, Director of Raw Materials, on 01793 889605 or email sweston@paper.org.uk.

Confederation of Paper Industries

- The Confederation of Paper Industries (CPI) is the leading trade association representing the UK's Paper-based Industries, comprising paper and board manufacturers and converters, corrugated packaging producers, makers of soft tissue papers, and collectors of paper for recycling.
- CPI represents an industry with an aggregate annual turnover of £12 billion, 62,000 employees, which supports a further 100,000 jobs in the wider economy.
- For facts on the UK's Paper-based Industries please visit: www.paper.org.uk.

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