

Report for: Cabinet

Date of Meeting:	04 February 2025
Subject:	Extended Producer Responsibility
Cabinet Member:	Cllr Josh Wright, Cabinet Member for Service Delivery and Continuous Improvement
Responsible Officer:	Darren Beer, Operations Manager – Street Scene and Open Spaces Matthew Page, Head of People, Performance and Waste
Exempt:	N/A
Wards Affected:	All – District Wide
Enclosures:	None

Section 1 – Summary and Recommendation(s)

This report considers the following:

- The estimated payment the Council will receive in 2025-26 with regards Extended Producer Responsibility (EPR).
- Information regarding the Collection and Packaging Reforms and in particular the implementation and management of the EPR scheme

Recommendation(s):

- 1. To note the contents of this report.**

Section 2 – Report

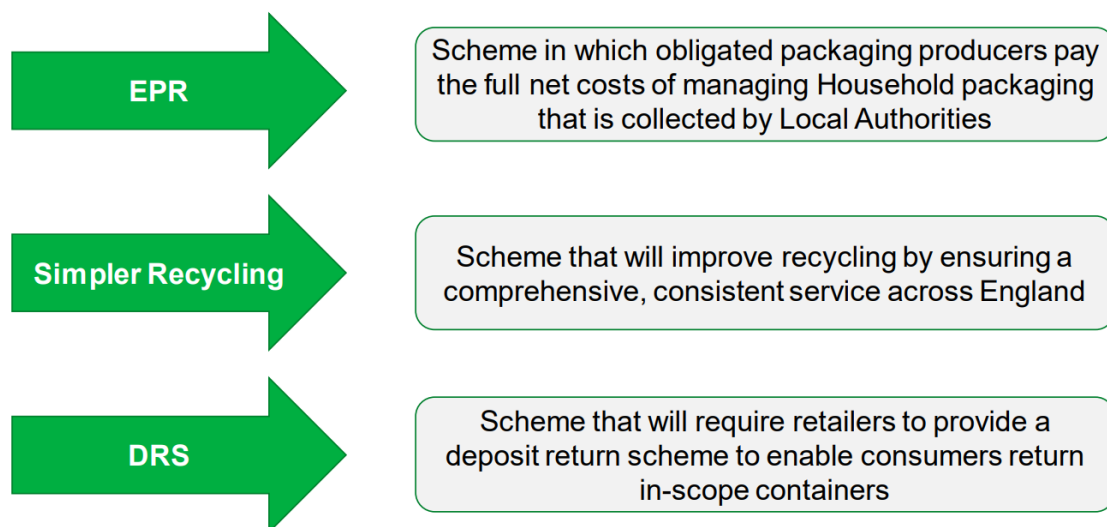
1.0 Introduction

- 1.1 Legislation in the Environment Act (2021) will enable waste reforms such as Extended Producer Responsibility (which ensures producers pay the full costs of packaging in waste for both collection and disposal), a Deposit Return Scheme for single use drink containers and Simpler Recycling

guidance, which will aim to boost recycling rates in households and businesses. These reforms are collectively known as The Collection and Packaging Reforms

- 1.2 The Collection and Packaging Reforms comprises:
- Extended Producer Responsibility (EPR), which is designed to introduce more recyclable packaging into the system
 - Simpler Recycling, which is designed to increase recycling through Local Authority waste collections
 - A Deposit Return Scheme (DRS), which is designed to recycle plastic bottles and other drinks containers)

Figure 1:



- 1.3 Government notified Local Authorities (LAs) of the indicative payment that will be received in November 2025 for the financial year 2025-26 in an email to LAs in November 2024. The figure provided for Mid Devon has been calculated to be £927k. This new funding has only been agreed on a one year only basis and thereafter will be subsumed in to the considerations of a more aggregated multi-year settlement from 2026-27 onwards. Clearly this makes any medium term utilisation of these additional funds more complicated.

2.0 How packaging EPR affects Local Authorities

- 2.1 From 1 April 2025, LAs will be compensated by packaging producers for the costs of efficiently and effectively managing household packaging waste collected from households or deposited at Household Waste Recycling Centres (HWRCs).
- 2.2 Payments will be made to LAs through a new payment mechanism, which councils will be updated on in due course.

- 2.3 The Scheme Administrator (appointed by Defra) is responsible for calculating producer fees and local authority payments.
- 2.4 The size of the payment from year two onwards will depend upon an assessment of the LAs effectiveness and efficiency.
- 2.5 Ground litter, commercial waste collections and packaging in street bins will be excluded in year one.

3.0 EPR Payments

- 3.1 The packaging costs and performance model calculates the 'basic payment amount' to be paid to individual LAs for the necessary costs incurred for the collection, handling, treatment and disposal of Household Packaging Waste. This amount is net of income from the sale of recyclate as part of the Efficient and Effective service, which includes administration and communications.
- 3.2 The basic payment amount will only cover the cost of the packaging element of the waste stream for eight high-level packaging material types (primary packaging categories, namely glass, aluminium, steel, paper or board, plastic, wood, fibre-based composite materials and other materials).
- 3.3 The payment received under this scheme will be calculated using a percentage of the total cost of providing the waste service. It will be based upon a percentage of the tonnes of packaging collected in dry mixed recycling e.g. plastic and cans, a percentage of the residual waste that contains packaging as well as a very small amount of packaging that is still collected in food waste. From this, the packaging percentage of the total waste can be calculated and this can then be used in the calculation for the estimated reimbursement.
- 3.4 The payment is calculated using the Local Authority Packaging Cost and Performance model (LAPCAP) and considers the following factors in determining the estimated net efficient costs for the local authority:
 - The frequency, pattern and type of collections of household packaging waste undertake
 - The population density
 - The type and accessibility of dwellings
 - The levels of deprivation
 - Government policies and the regulatory requirements affecting waste management to which the authority is subject

- 3.5 Authorities are grouped by finding their nearest neighbours for each of the variables listed below. LAs are placed in one of ten groups with other LAs that share the most similarities across the factors for both kerbside residual and recycle collections, which are:
- Collection frequency
 - Rurality (% urban)
 - Proportion of flats
 - Deprivation
 - Country
 - Local Authority Type
 - Proportion of communal collections
 - Tonnes collected per household
 - The collection scheme (recycling only)
- 3.6 For dry recycling the Council has been placed in Group D1 along with South Hams as the only other Devon LA. The majority of Devon LAs (North Devon District Council, Teignbridge District Council, Torridge District Council and West Devon Borough Council) have been placed in Group D6.
- 3.7 For residual LA groups the Council has been placed in Group R4 along with all Devon LAs except Exeter City Council.
- 3.8 Although recycling credits have been netted off against the payment the Council will receive from government, recycling credits for both packaging recycling and non-package recycling will be provided by Devon County Council (Waste Disposal Authority) as presently happens. To clarify Devon County Council will be paid the recycling credits to enable them to reimburse the Council for these household packaging waste management costs.
- 3.9 The Council will still be able to gain income for opt-in chargeable garden waste collections.
- 3.10 The Shared Savings Scheme with Devon County Council will cease as planned at the end of the 2025-26 financial year.

4.0 Efficiency and Effectiveness

- 4.1 Producers will cover the costs of efficient and effective LA management of household packaging waste.
- 4.2 An efficient service is defined in the forthcoming statutory instruments as one where costs are kept as low as reasonably possible, considering:
- The nature of the service provided; and
 - Any other factors specific to the LA (or its area), which are likely to affect costs.
- 4.3 For year 1, collections efficiency will be based on the grouping of different LAs based on the characteristics listed in paragraph 3.5.

- 4.4 An effective service is not defined in the forthcoming statutory instruments, but the Scheme Administrator is likely to assess effectiveness as a minimum in relation to the quantity of packaging waste collected and sent for recycling.
- 4.5 The following factors for an effective service may be considered:
- The household packaging waste likely to be managed in an assessment year;
 - The proportion of recycled packaging waste;
 - Specific factors for each LA that could impact performance;
 - Government policies and regulatory requirements on waste management in any part of the UK;
 - Waste management services in comparable LAs; and
 - How much household packaging waste a comparable authority would be able to manage in a year if it was following good practice (local, national or international)
- 4.6 At the latest, by 1 April 2028, effectiveness assessments must commence. Once effective assessments are under way, less effective LAs may be subject to payment deductions, but:
- not in the first year of EPR, and
 - only after improvement actions have been proposed and sufficient time has been allowed for impacts, and
 - only if there has been insufficient improvement against the metrics set out in relation to the improvement actions

5.0 Conclusion

- 5.1 The information is for guidance only as the actual payment amount will be provided in April 2025 and payments to LAs will begin in November 2025 for 2025-26 financial year.
- 5.2 The Council have completed a survey response to Defra querying the provisional notice of assessment, which will enable Defra to provide clarity on the methodology and payment values prior to any updates to the estimates provided.
- 5.3 Government have also suggested that any shortfalls in payments in the first year will be met by the Treasury Department.

Financial Implications

It should be noted that an increase in recycling tonnages for each material will increase our recycling credits for that material.

Legal Implications

Under Section 46 of the Environmental Protection Act Waste Collection Authorities may by means of notice specify how householders present their waste for collection. There will be legal requirements to adhere to legislation around Simpler Recycling.

Risk Assessment

In the event that any future changes are mandated by government a register of risks would need to be compiled in advance of those proposed service changes. There are potential risks, including impacts on; carbon emissions, the carbon footprint, operational costs and other resources required (from containers to personnel).

Impact on Climate Change

An increase in recycling would further enable the Council to reduce its carbon footprint and hit its carbon net zero commitment. Recycling is one of the most 'mainstream' concepts of addressing overarching sustainability goals, therefore it is vital to make sure that the council is maximising the effectiveness of both its scheme design, but also its operational implementation.

Equalities Impact Assessment

The service will continue to provide assisted collections according to the current policy; considerations for residents residing in HMOs, flats and properties with no outside space will be included in any proposed project plan. The service would review the lessons learnt and best practice from recent changes along with a review of other councils who have successfully implemented strategic changes to their waste collections operations.

Relationship to Corporate Plan

This report identifies with the Service Delivery and Continuous Improvement section of the Corporate Plan for 2024-2028, and in particular 5.2 – *We will increase our recycling services, enabling our communities to achieve even higher levels of recycling.* Supporting and enabling customers to recycle and reduce residual waste contributes to Mid Devon District Councils' commitment to the Devon Climate Emergency.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151

Date: 23 January 2025

Statutory Officer: Maria de Leburne

Agreed on behalf of the Monitoring Officer

Date: 23 January 2025

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 23 January 2025

Performance and risk: Steve Carr

Agreed on behalf of the Corporate Performance & Improvement Manager

Date: 20 November 2024

Cabinet member notified: yes

Section 4 - Contact Details and Background Papers

Contact: Darren Beer, Operations Manager – Street Scene and Open Spaces

Email: dbeer@middevon.gov.uk

Telephone: 01884 255255

Background papers: None