



Packaging EPR Local Authority Payments Update

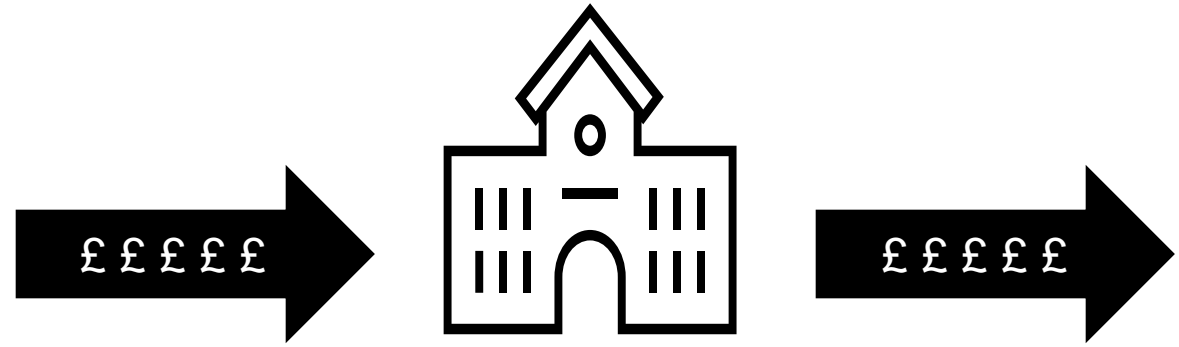
LGA Webinar
16 May 2024

With Packaging EPR

Large companies ...



Pay a fee to the Scheme Administrator which pays for ...



... efficient and effective packaging waste services

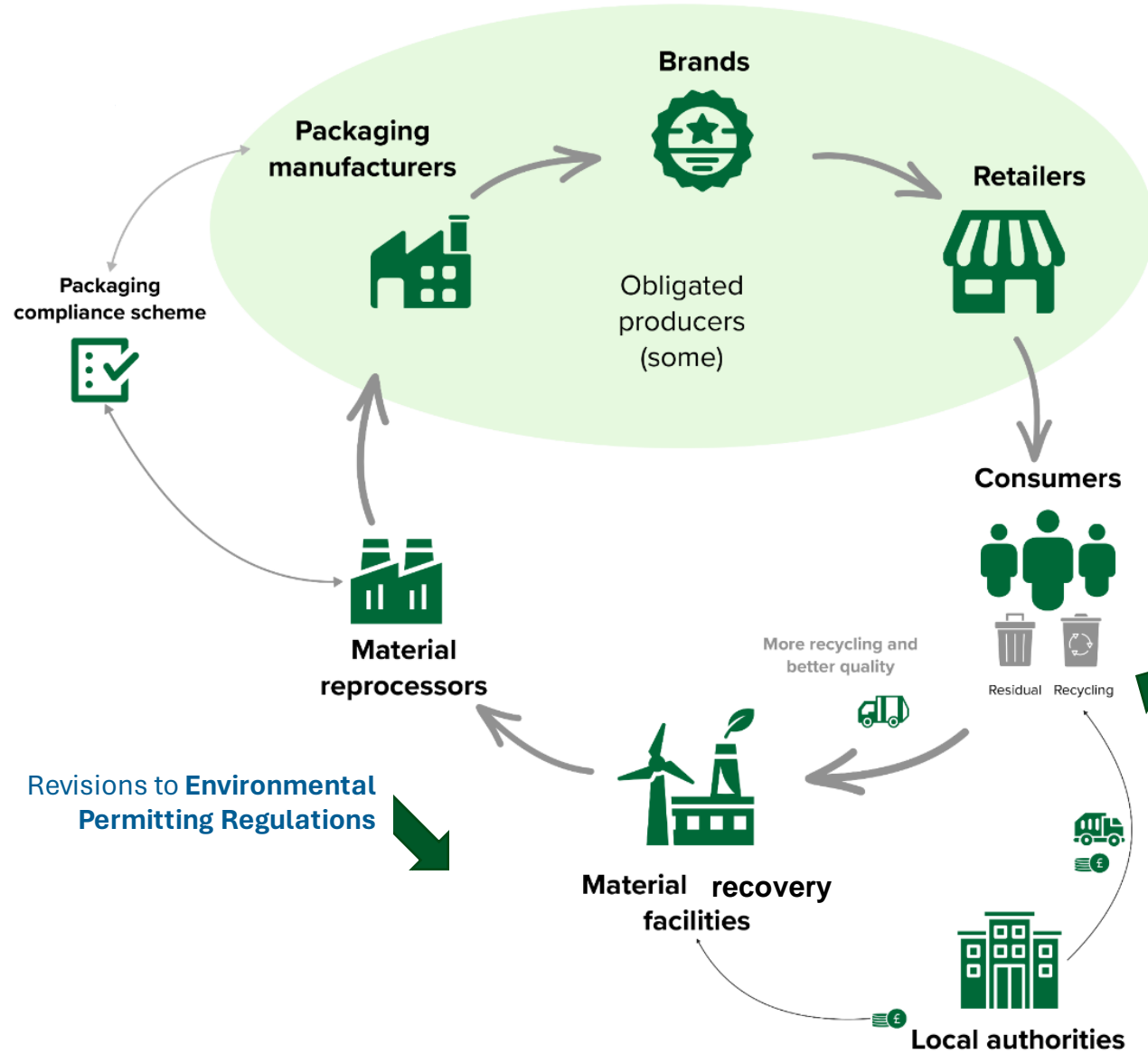


Which incentivises packaging reduction & recyclability

Meaning less waste and more recycling

- ✓ More recycling
- ✓ Less waste
- ✓ Lower costs
- ✓ Less CO₂

Packaging EPR: The Bigger Picture



New data requirements through Digital Waste Tracking



Revisions to Environmental Permitting Regulations



Common set of materials collected Simpler Recycling



How packaging EPR affects Local Authorities

- 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
 - deposited at HWRCs
- Excluded from scope in England
 - Ground litter
 - Trade waste – to be reviewed in future
 - Packaging in street bins – excluded in year 1
- The Scheme Administrator is responsible for calculating producer fees and local authority payments
- Payments will be made by the Scheme Administrator through a new payment mechanism

Efficiency and Effectiveness

- Producers will cover the costs of efficient and effective LA management of household packaging waste
- An **efficient** service is defined in the forthcoming SI as one where costs are as low as reasonably possible, considering:
 - the nature of the service provided and
 - any other factors specific to the local authority (or its area) which are likely to affect costs
- An **effective** service is not defined in the forthcoming SI, 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.
- At the latest by 1 April 2028, effectiveness assessments must commence
- Once effective assessments underway, 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

Process

Output

1 Efficiency

LA Packaging Cost and Performance Model (LAPCAP)



Within material and LA groupings
£ per tonne x tonnes managed

2 Effectiveness

Effectiveness assessment process



(Before 1 April 2028)
only if there is suitable data to make a fair assessment

Sub-set of LAs falling below a threshold and deemed to warrant improvement actions

3 Improvement

Improvement action process



Only if one or more LAs is below the threshold

Improvement actions set out to those LAs



May ultimately lead to payment deductions

4 Notification

Payment approval and notification process



Notice of estimated payments

5 Payment

Grant process



Payments
Q1 Q2 Q3 Q4

2023/24
for 2025/26
payments

2024/25
for 2026/27
payments

2025/26
for 2027/28
payments

2026/27
for 2028/29
payments


2027/28
for 2029/30
payments

Efficiency


Effectiveness

Payments


LAPCAP
MODEL V.1

Within material
and LA groupings
£ per tonne x
tonnes managed 


LAPCAP
MODEL V.2

Within material
and LA groupings
£ per tonne x
tonnes managed 


LAPCAP
MODEL V.3


Within material
and LA groupings
£ per tonne x
tonnes managed 

LAPCAP
MODEL V.4


Within material
and LA groupings
£ per tonne x
tonnes managed 

LAPCAP
MODEL V.5


Within material
and LA groupings
£ per tonne x
tonnes managed 

IF ENOUGH DATA
Assessment 


LAs subject to
improvement
actions – cohort 1

IF ENOUGH DATA
Assessment 



LAs subject to
improvement
actions – cohort 2

Assessment 

LAs subject to
improvement
actions – cohort 3

Assessment 

LAs subject to
improvement
actions – cohort 4

 **Improvement action process** 

If required
Deductions

If required
Deductions

Indication of
estimated
payments

Notice of
estimated
payments

Notice of
estimated
payments

Notice of
estimated
payments

Notice of
estimated
payments

Payments
Q123 Q4

Payments
Q1 Q2 Q3 Q4

Payments
Q1 Q2 Q3 Q4

Payments
Q1 Q2 Q3 Q4



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Calculating 2025/26 payments

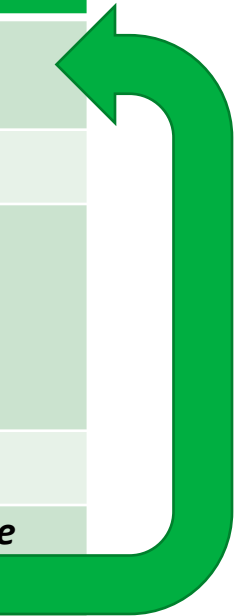
Calculation of efficient costs

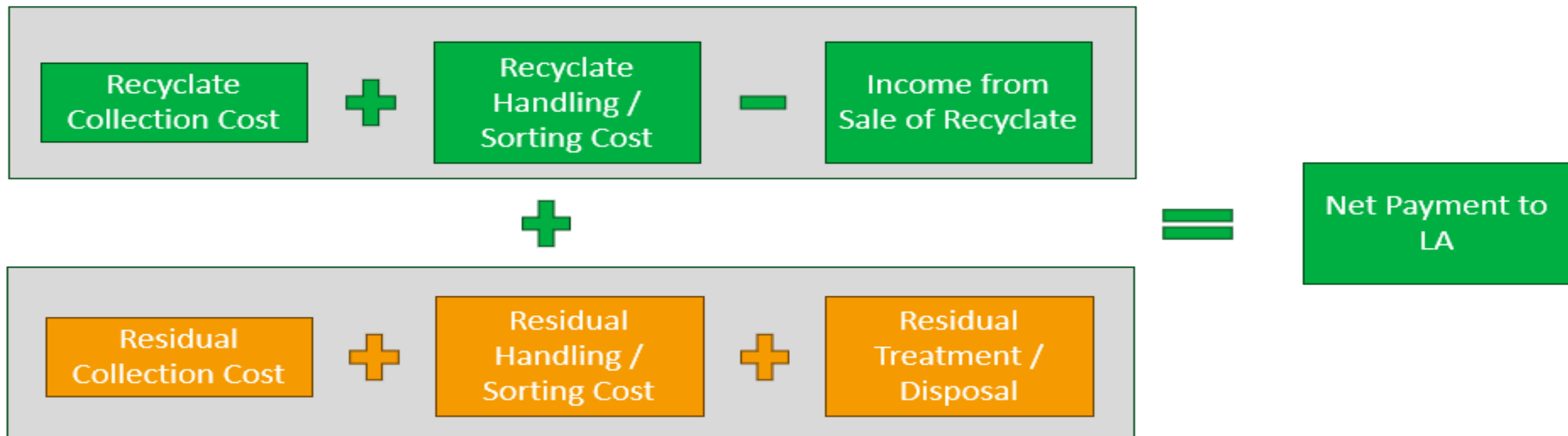


- The SI sets out that in making any assessments the Scheme Administrator may:
 - use data available in relation to a relevant authority relating to the years before the assessment year or data relating to the assessment year, to the extent that such data can be verified by the scheme administrator;
 - supplement that data with any comparative data which the scheme administrator considers relevant; and
 - use a standard model adjusted to reflect the factors specific to the relevant authority.
- For Year 1 we are using a model – Local Authority Packaging Cost and Performance Model (LAPCAP)
- The model uses a combination of LA specific data (e.g. tonnes reported in Waste Data Flow) and comparative data (groupings based on sample cost data)
- The model takes into account specific factors

How the SI requirements are currently to be factored into the model

SI requirement	Year 1 approach to modelling
i) the frequency, pattern and type of collections in the area of that authority (“the relevant area”);	1) Accounted for in the calculation of £/t values for collections and incorporated into collection payment groups
(ii) the population density in the relevant area;	1) Included in grouping LAs for payments
(iii) the type and accessibility of dwellings in the relevant area;	1) Payments based on the number of properties each LA operates on: <ol style="list-style-type: none"> a. “Standard” collections b. Dedicated communal collections
(iv) the levels of deprivation in the relevant area;	1) Included in Grouping LAs for payments
(v) government policies and the regulatory requirements affecting waste management to which the authority is subject;	1) <i>Taken into consideration in agreement of approach to payments for i) the frequency, pattern and type of collections in the area of that authority</i>
(vi) any other factor the scheme administrator considers relevant to the assessment	<ol style="list-style-type: none"> 1) Residual waste disposal route 2) Type of Materials Recovery Facility or bulking used for recycling 3) Costs associated with: <ol style="list-style-type: none"> a. HWRC operation b. relevant administrative costs c. communications costs







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Performance metrics “effectiveness”

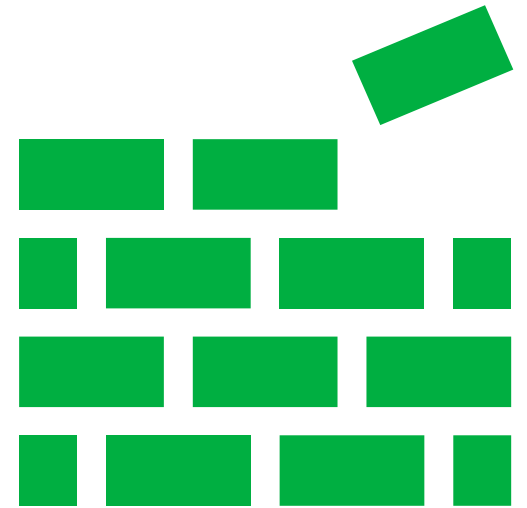
Effectiveness assessments – what the Regulations say



- From 2028, the SA must assess the effectiveness of LAs household waste management services.
- The SA may make assessments in 2026 and 2027 if it has sufficient data to work with.
- The following factors may be considered:
 1. the household packaging waste likely to be managed in an assessment year
 2. the proportion of recycled packaging waste
 3. specific factors for each LA that could impact performance
 4. government policies and regulatory requirements on waste management in any part of the United Kingdom
 5. waste management services in comparable LAs
 6. how much household packaging waste a comparable authority would be able to manage in a year if it was following good practice
- In assessing what amounts to good practice the scheme administrator may consider local, national or international examples of good practice.

Efficiency and Effectiveness project

- Defra funded research has provided valuable thinking on what metrics could (or should not) be used in Effectiveness assessments.
- This work has been presented to the project steering group (inc. LGA, NAWDO, ADEPT, LARAC, DCN) and written feedback has been provided by several representative groups.
- The E&E Steering Group's feedback has been of great value and will be considered in decision making going forward
- The SA will use this project to help inform their programme of work to determine their approach on effectiveness.



Workshop

Seeking views on potential metrics for effectiveness assessments

- Tonnages
- Recycling & capture rates
- Service characteristics
- Quality





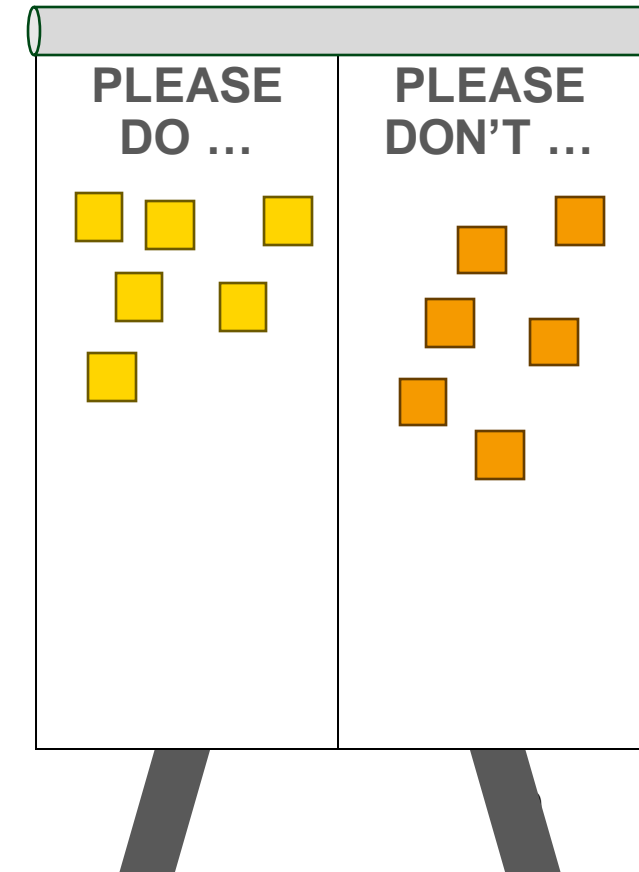
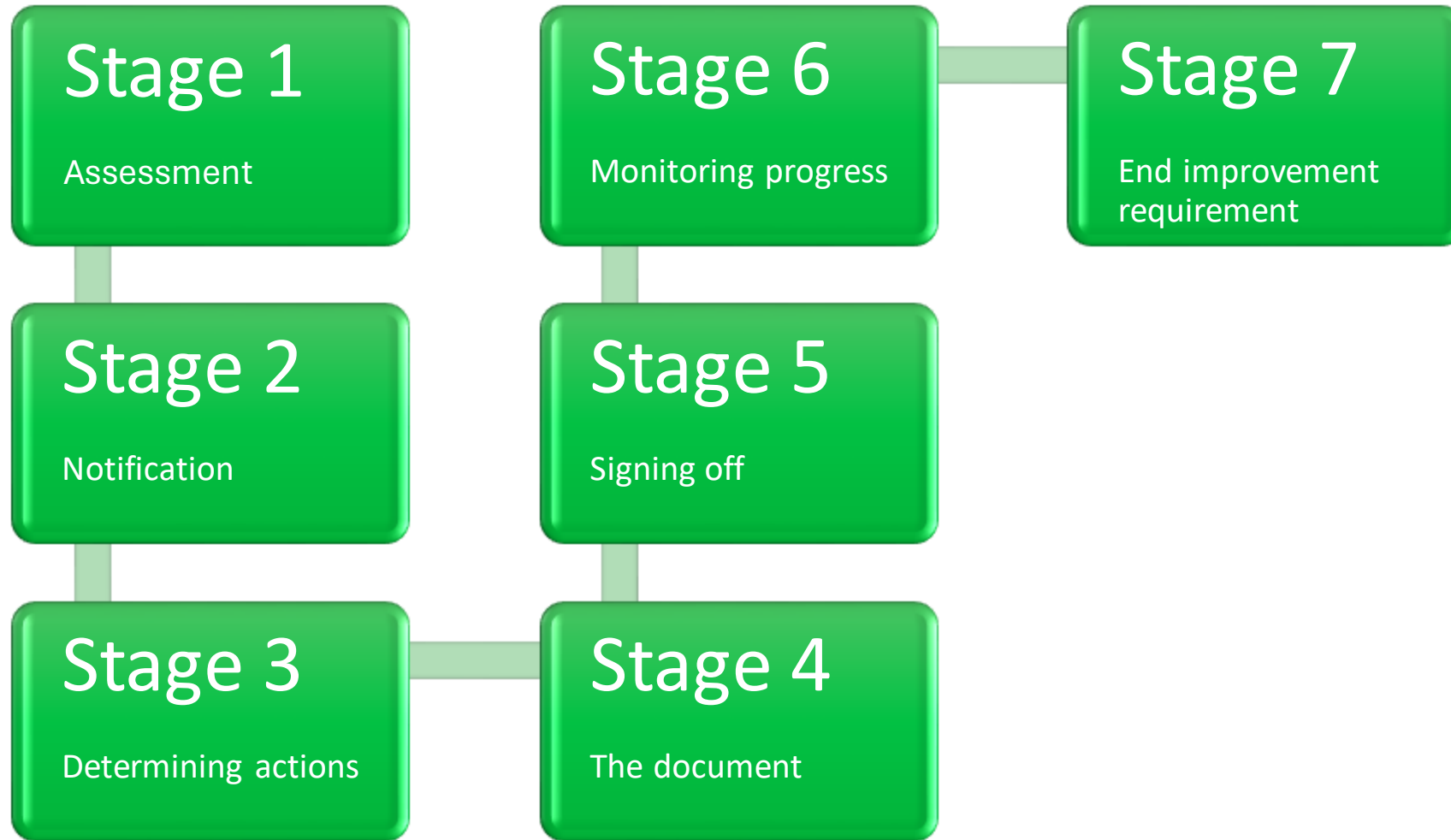
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Improvement Actions Process

Improvement actions – what the Regulations say

- SA must give notice in writing setting out the reasons why it considers an effective packaging waste management service is not being provided
- SA must give the LA a reasonable opportunity to discuss
 - the outcome of the assessment
 - The LA's service
 - How the service could be improved
- The SA must then propose improvement actions
- After the specified period the SA can apply a % deduction to an LA's payments but only if:
 - The LA is still not providing an effective waste management service; and
 - The LA is not doing everything that can be reasonably expected to make its packaging waste management service effective
- The Scheme Administrator can only impose a reduction of up to 20% of net efficient disposal costs for an assessment year
- See provisions in Regulation 80(6) for full detail

Workshop



Further opportunities for engagement

Workshop in Manchester on Wednesday 22 May – still some spaces available

<https://tinyurl.com/bdezjvjy>



Can put on online engagement sessions for anyone who has been unable to attend the in-person events

Will share slides and summary following the Manchester event

Similar events will be held in Wales, Scotland and Northern Ireland

Formal engagement routes

- Scheme Administrator Interim Steering Group
 - LGA (CoSLA, NILGA, WLGA)
 - Local Authority Technical Advisory Board (LATAB)
 - Waste network bodies – LARAC, NAWDO, ADEPT
- Efficiency and effectiveness project steering group
 - Drawing to a close

Questions

