

www.defra.gov.uk

Advisory Committee on Packaging Annual Report 2010/11

June 2011



Department for Environment, Food and Rural Affairs

Nobel House
17 Smith Square
London SW1P 3JR
Telephone 020 7238 6000
Website: www.defra.gov.uk

© Crown copyright 2011

Copyright in the typographical arrangement and design rests with the Crown. This publication (excluding the royal arms and departmental logos) may be re-used free of charge in any format or medium provided that it is re-used accurately and not used in a misleading context. The material must be acknowledged as crown copyright and the title of the publication specified.

This document is available for download at: www.defra.gov.uk/publications

PB13547

Contents

Introduction	4
Headline statistics	5
Summary of considerations and recommendations	7
Conclusion	13
Acknowledgments	13
Annex 1: Summary of recommendations	15
Annex 2: Work areas terms of reference	16
1. Optimising packaging	16
2. Obligated Tonnage Work stream.....	20
3. On a material by material basis provide evidence of the optimal potential for return of material from all sources.....	21
4. Based on the advice by material group and retailer consider the tactical and practical operational systems and processes that will lead to achieving increases in recovery and other desired outcomes.	28
5. To advise on making producer funding more transparent and ensuring that it finances improvements in the recycling system.....	33
6. Review and monitoring of legislation and provision of data from across the supply chain regarding recovered tonnages and carbon metrics.	34
7. Communication	34

Introduction

The Committee was newly constituted in March 2010.

Its new remit is to:

- Advise on optimising packaging, incorporating carbon and lifecycle analysis into weight based targets,; increasing capture rates and incentivising more closed loop recycling and making producer funding more transparent.
- Bring to Defra and the Devolved Administrations attention new trends and developments in design and manufacturing and in the packaging recycling markets
- Monitor existing regulations
- Advise on data from across the supply chain.

The previous Advisory Committee on Packaging (ACP) presided over the development of the system for collection of packaging materials, developed the targets per material, advised on legislation including the compliance scheme, and ensured that achievements in packaging were widely communicated via the publication of 'Packaging in Perspective'.

The new Committee comprises sector representatives of each element of the supply chain and is thus very different in membership. The reason for this change reflects the need to move from a technical focus on packaging to a delivery focus of what will be higher levels of reduction and recovery up to 2020.

A full list of Committee members, their role and terms of reference can be found on the ACP webpage hosted on the Defra website at www.defra.gov.uk/environment/waste/producer/packaging/ad-com.htm

The new ACP was set up just after a consultation on packaging in the UK, at a time when Scotland and Wales had developed comprehensive resource efficient strategies for the recovery of material including packaging which established high targets for recycling. In addition the review of waste policy in England started shortly after the Committee began work. So it was with some incentive that the Committee saw its task to ensure it provided sound and timely advice to inform and respond to these policy statements.

The Committee met for the first time on the 1st March 2010 at an all day workshop, during which it developed its work programme for the year. Six key items emerged from the workshop each one aimed at taking a section of the supply chain and dealing with some specific issues.

These were:

1. Optimising packaging
2. Optimal recovery by material
3. Funding transparency
4. Systems for delivering improvement
5. Advice and monitoring of legislation
6. Communications

It was agreed that the overall aim of the Committee, in its first year, would be to evaluate and develop proposals on four of these which could be submitted as advice to Government and the Devolved Administrations. Communications has become the main agenda item for 2011 onwards and the issue of funding has been debated but will become a focus as the proposals of the other work areas are implemented. Supplementary to this, the framework which the Committee developed would be disseminated to all who need to take action within the supply chain. The Committee also thought it important that it developed a view on the wider public/consumer need for information and feedback.

The Committee acknowledged that packaging is a big concern for the public and that it would need to respond to this by ensuring it presented improvements right through the chain from design through to recovery. It was agreed that the agenda needs prioritising and so key areas of specific work were identified at the beginning of the year, allocated to different groups to provide advice both sub groups of the ACP and directly via material organisations. The findings are summarised below. The brief for each area of work and the detailed evaluation can be found at annexe 1.

Headline statistics

The Government and the devolved administrations have to ensure that the UK meets their obligations under the EC Waste Framework Directive and the Packaging and Packaging Waste Directive. Of particular importance are the targets set for the recovery of packaging materials. It is clear from the table below that the EU and UK targets for packaging recovery and recycling have been exceeded. An overall target of 60% has been beaten by 5.7% and is likely to rise further.

The Committee do not see that the UK would have a problem meeting more ambitious targets. However, meeting the targets is just one element of a successful strategy. The table below shows current achievement against EU targets.

Table 1 European packaging recovery and recycling targets and UK achievement by material type

2010	EU Directive targets	UK achievement
Paper and board packaging	60%	81.9%
Glass packaging	60%	60.7%
Metal packaging	50%	55.9%
Plastic packaging	22.5%	24.1%
Wood packaging	15%	75.4%
Total recycling and composting	55%	60.7%
Total energy recovery, recycling and composting	60%	67.3%

Source: Defra

Despite this success there is still a perception that there is too much unnecessary packaging and also that more should be recycled. This perception is very powerful and the Committee have taken the view that the supply chain must do everything possible within sound environmental and economic parameters to deliver reduction in material used as well as increases in its recovery. By showing total commitment to this agenda and by demonstrating year on year improvements the ACP considers that packaging will have a better chance of being understood for its function of protecting goods than for it being a problem in its own right.

Thus the year one work of the Committee has focused on the widest supply chain agenda from prevention to recovery to enable a direction of travel to be developed for the period to 2020. Future years work will focus on carbon metrics and the funding system. In addition to the specific work streams the ACP will on an ongoing basis monitor regulations and review data on packaging.

Summary of considerations and recommendations

The UK is the only country where the amount of packaging per person has stayed the same for over 10 years, despite economic growth.

Table 2 Increase in Packaging Used; kg per person 1998-2007

Country	Increase
UK	1
Austria	3
France	8
Denmark	12
Germany	14
Belgium	18
Greece	20
Italy	21
Spain	30
Luxembourg	32
Finland	50
Sweden	50
Netherlands	51
Ireland	60
Portugal	61

Source: INCPEN

The table above shows that industry has worked hard at reducing the amount of material it puts on the market. The formal number of complaints about packaging via Trading Standards Departments is low although this view is based on the extrapolation of data as there is no UK wide record of the number of complaints. Also many customers will complain direct to retailers and manufacturers who also keep this information confidential. Nevertheless, complaints are a healthy way by which concerns are brought to the attention of industry. Evidence does show that in general companies will review and change packaging if it is proven to be excessive or could be reduced. In only a few cases has it been necessary for there to be a formal prosecution. In the Committee's view the UK has performed well in the last 10 years but it is also aware that this has had little effect on public perception. The ACP considers that the supply chain should continue to demonstrate year on year improvements.

A third of households are now single person. Inevitably, if there are more products, there will have to be more packaging to protect them. This means the total tonnage of packaging will increase even if the amount per household remains the same or falls. The work stream felt that measurements of the optimisation of packaging should focus on a per household metric rather than overall tonnage of material used

Recommendation 1: The unit of measurement for monitoring optimisation achievements should be the amount (kilogram) per year per household.

The Committee considered where the most fruitful focus could be on reducing wastage. There is substantial evidence that most waste occurs between the rear of a retail store and the shelves. As a result there would be substantial benefit to manufacturers, suppliers and retailers if the packaging and procedures could be reviewed with a view to reducing waste.

Recommendation 2: The ACP to commission a review of the reasons for losses encountered between retail depot and store to identify if processes or systems could be changed to put less stress on the product and its packaging. Study to be conducted by INCPEN and WRAP and be undertaken in 2011 reporting to the ACP by March 2012

The Committee identified a trend in some sectors to encourage companies to stipulate **the function** they want a particular pack to perform rather than to specify the exact nature of the packaging they want. This was considered to be a better way to allow for innovation in design and for the packaging to meet the fulfilment of its role.

Recommendation 3: Manufacturers and retailers should specify *the function* they want packaging to perform rather than specifying the exact nature of the packaging. This will encourage designers to innovate. The task will be allocated to a group of ACP members who will work with the BRC and produce an outcome by Autumn/Winter 2011

Home delivery of goods is a rapidly growing area through supermarket deliveries and internet orders of a wide range of products. This trend is new to retailing and the impact of packaging has not been a focus of debate as yet. The ACP consider that this is an area where some research needs to be undertaken to advise on the extent, future potential, and packaging impacts.

Recommendation 4: A round table multi-stakeholder workshop should be held to identify the scale, issues, and challenges of packaging for goods delivered direct to the home. It should include manufacturers, retailers, and delivery system providers. N.B. INCPEN (the industry council for packaging) have agreed to host a workshop and prepare a report for the ACP with recommended action by autumn 2011.

There are a number of developments in packaging materials and products that may lead to better protection for products with less material and/or to a lower environmental footprint. These include more use of retail ready packing

and new polymers offering added benefits. It is by development in products that allow continual improvement in utility of the material but also reduction in weight.

The first phase of the Courtauld Commitment focused on reducing the amount of sales packaging that is generated as waste. The Courtauld agreement is a valuable voluntary network that is able to commit to strategic changes and developments in packaging taking into account the complexity of supply chain packaging needs and also seeking ways to innovate and provide optimum packaging to fulfil the functional needs of the product.

Recommendation 5: Voluntary agreements should set broad strategic objectives and take into account the function of packaging and the broadest impacts on economics and environment in the total supply chain including post consumer recovery. This recommendation is aimed for direct feed to the policy review team at DEFRA.

The ACP considers that there is a significant tonnage of material, most notably glass and plastics being placed on the market by small independent retailers who are not obligated because they do not meet one or other of the two threshold tests i.e. handling in excess of 50tonnes of packaging a year and having an annual turnover in excess of £2m. Although individually these retailers do not place a large amount of packaging onto the market there are a large number of them and this has a cumulative effect.

Recommendation 6: To consider the re-introduction of the Class D supply. Obligorating Warehouses a wholesaler (or class D supply) obligation is introduced so that companies who supply packaging to non obligated businesses pick up the selling obligation that is currently not captured in the UK obligation.

The Committee considered the current enforcement of the Packaging Regulations in order to assess whether there were producers who should be complying with the Regulations but were not doing so. Although the Committee thought that there was no significant free-rider problem it thought that the regulator should consider the time allocation given to monitoring registered producers and identifying free-riders to check that the balance is delivering the best outcomes for the system.

Recommendation 7: The Environment Agency to re-assess the time allocation given to monitoring registered producers vs identifying freeriders to ensure the current allocation is delivering the best outcomes.

The UK is achieving success in the recovery of packaging materials. In comparing the UK with best practice countries the ACP found that EU statistics for overall recycling levels vary because of large fluctuations in the

reported wood recycling rates. Some countries have not always reported wood data, so the data needs to be carefully interpreted.

With that proviso, the table below shows that, apart from Belgium most countries, including the UK, are recycling 50%-60% of used packaging. Some countries, notably Germany and Sweden recycled a significantly lower amount in 2007 compared with 1998. In contrast the UK and Ireland have significantly increased the amount they recycle.

Table 3 Percent of Packaging recycled

	2007	1998
Belgium	80%	64%
Austria	67%	65%
Germany	67%	80%
UK	62%	28%
Ireland	61%	15%
Netherlands	61%	62%
Sweden	59%	75%
Italy	57%	32%
Portugal	57%	35%
Denmark	57%	50%
France	57%	42%
Finland	57%	50%
Spain	52%	34%

Source: EU Commission

The ACP has taken the view that it should promote the optimum levels of recovery of materials to market quality to maintain the value and also to encourage reprocessing capabilities in the UK. Retailers are increasingly seeking to secure a guaranteed supply of recycled materials as they increase the amount of recycled content in their packaging.

For this work stream each material sector was asked to produce forecasts based on potential for recovery of their materials and without being restricted by the present processing infrastructure.

The following are material by material plans for 2020. The overall view of the ACP is that the setting of Government targets acts as an incentive to deliver. It creates a market value in the Packaging Recovery Note (PRN) system and stimulates development in new facilities. The targets for 2011/12 have been set but are not considered by the Committee to be sufficiently stretching.

Recommendation 8: The ACP advises Government that higher targets should be set for 2013 onwards at the rate necessary to deliver the recovery rates set out by each of the material sectors in Table 4 below.

Table 4 Summary table of intended recovery levels recommended to 2020

Material	2013	2014	2015	2016	2017	2018	2019	2020
Paper	72.7%	74.6%	76.5%	78.4%	80.3%	82.2%	84.1%	86.1%
Plastic	28.7%	31%	33.3%	35.6%	37.9%	40.2%	42.5%	45%
Aluminium (exc laminates and composites)	45%	46%	48%	52%	55%	59%	62%	65%
Steel	66%	68%	69%	71%	73%	75%	77%	78%
Glass	60.7%	61.2%	62%	62.7%	63.5%	64.2%	65%	65.6%
Wood	38.2	43.9	50.6	56.3	62	67.8	70.6	70.6
Total (accounting for over achievement in wood (75.4) and paper (81.9 2013 - 2017)	60%	60.5%	61.6%	63.1%	64.4%	66%	67.6%	69.1%

The ACP will monitor outcomes and update recommendations annually in the light of experience, technological developments, the economic climate and the impact of behaviour change. It will recommend to Government the targets it should set to incentivise delivery on a biannual basis well in advance.

Given that there is great potential to establish the UK as a best practice country the ACP considered what route needs to be taken to get there. The success of the previous ACP was in establishing the systems and ensuring that there was solid progress. Thus the low hanging fruit has been plucked and it will be more difficult to move forward without a different approach. The supply chain has agreed that they are all interdependent; a change made in one part of the change affects the others. The future lies in working together.

There are currently 406 authorities with waste collection responsibilities in the UK. There were 434 authorities in 2008/09 and the following data is from that period. In recent years there has been a strong trend to extend the number of materials which are collected for recycling at the kerbside as a result of authorities responding to a mixture of consumer demands, statutory targets and rising landfill costs. Where kerbside collection is not available, bring site collections normally exist although the density of sites may be sub-optimal. The number of authorities making no provision for the main packaging materials is small, the most notable gaps being for plastic pots tubs and trays (PTT), film and liquid cartons- “tetrapak”.

The Committee considered that it is important for each authority to make its own decision on systems and frequencies but that there should be a requirement for them to consider the needs of industry in their specifications

especially in respect to quality of material recovered. This will benefit them as well as higher quality means better prices. The ACP would like as a matter of urgency to offer to local government some easily adopted generic clauses to embed in future procurement for collections services and have asked WRAP to develop them.

Recommendation 9: The ACP have asked the Waste and Resources Action Programme (WRAP) to develop some generic tender clauses to assist local councils when it comes to retendering their service and for the waste industry to plan for offering the services that will deliver the returns needed for the packaging industry

Discussions with local government and the waste industry suggested that there may be advantages in more collaboration in placing materials on the market based on higher quality and larger consistent volumes being attractive to reprocessors. In times of financial challenge local authorities may find this an opportunity to develop an income stream in collaboration with others and with service providers. A generic business case should be developed to see whether this proposal is worth further development.

Recommendation 10: The ACP to evaluate whether consortia of authorities with or without contractors could sell materials more effectively to reprocessors.

Retailers are using more recycled content in packaging products e.g. bottles. Creating demand would help more investment in facilities in the UK as well as long term protect material security and it is suggested that retailers via the Courtauld agreement consider committing to specific levels of content in those products where appropriate.

Recommendation 11: It is suggested that retailers via the Courtauld agreement consider committing to specific levels of content in those products where appropriate.

One major consideration emerges whatever the focus and that is communication. In order to move ahead consumers at home or in commerce will need to know more and be aware of how to help recycle more packaging. As a result the ACP is proposing to develop a clear communication strategy using the industry network PRAG to help.

It is considered that there is a need for a level of communication more than is currently undertaken. It is not about more PR or most cost. In fact the ACP view is that better understanding is needed along the supply chain by its decision makers and thus it has been agreed by its members that they will become ambassadors outside their sectors to help others in meeting groups and explaining the benefits of supply chain partnerships. In a country where there is no one size fits all solution it seems far better to promote the

behaviour of a material recovery society than to try to explain the myriad of detailed decisions about packaging and its choice. Councils, retailers and waste companies can work more effectively together and the ACP will work with representatives of these and other interested parties to produce a clear transformation pathway by midyear 2011.

Recommendation 12: The ACP will develop a clear communication strategy using the industry network PRAG to help.

Conclusion

At the end of its first year the new ACP has tackled the questions asked by consumers about packaging, established a route to the recovery of optimum amounts, and set in train a range of recommendations that will enable various groups to work together to make them happen.

The major achievement has been gaining the support from the whole supply chain, all regions of the UK, and to plan for a future with a practical and a non legislative approach. The more open supply chain, which sees the benefits of working together, will deliver more than the sum of their parts and jointly tackle the step change the UK needs in moving from being an average packaging recycler to equivalent to European best practice. The recommendations allow for the UK to optimise packaging recovery and more than meet the current EU targets. However, there needs to be a step change in the recovery of plastics, a greater focus on collection of aluminium, better delivery of glass to the standards needed for reprocessing to new glass containers and more strategic coordination between retailers, waste companies and local authorities.

The ACP will continue to monitor outcomes. It will consider in more detail the benefits of a change to the legislation in respect of Class D obligation for wholesalers.

The work programme for 2010/11 was fulfilled. A new work programme will be agreed for 2011/12 and will tackle those areas covered in this report where more investigation is required but also to move into other areas of its terms of reference. The ACP's members will be more visible from now on having established a clear route ahead and they will wish to communicate that route to all who have an interest.

Acknowledgments

This report has been compiled following receipt of the task group's detailed reports, the material organisations responses to potential recovery rates, to the outcomes of workshops and meetings of the ACP and to information gained as a result of site visits to reprocessing plants.

Thanks must be given to the Committee members for their time, given voluntarily, to attend meetings as well as everyone who has participated in the

Taskforces who have given their time voluntarily. In addition I would like to thank the interested observers of the three Devolved Administrations, to the Department of Business Innovation and Skills, the Environment Agency, Wrap, the team at Defra and two main industry organisations, the Packaging Federation and INCPEN who have provided the ACP with substantial information during the year as well as leading on some of the key investigations.

Annex 1: Summary of recommendations

Recommendation 1	The unit of measurement for monitoring optimisation achievements should be the amount (kilogram) per year per household.
Recommendation 2	The ACP to commission a review of the reasons for losses encountered between retail depot and store to identify if processes or systems could be changed to put less stress on the product and its packaging. Study to be conducted by INCPEN and WRAP and be undertaken in 2011 reporting to the ACP by March 2012
Recommendation 3	Manufacturers and retailers should specify <i>the function</i> they want packaging to perform rather than specifying the exact nature of the packaging. This will encourage designers to innovate. The task will be allocated to a group of ACP members who will work with the BRC and produce an outcome by Autumn/Winter 2011
Recommendation 4	A round table multi-stakeholder workshop should be held to identify the scale, issues, and challenges of packaging for goods delivered direct to the home. It should include manufacturers, retailers, and delivery system providers. N.B. INCPEN (the industry council for packaging) have agreed to host a workshop and prepare a report for the ACP with recommended action by autumn 2011.
Recommendation 5	Voluntary agreements should set broad strategic objectives and take into account the function of packaging and the broadest impacts on economics and environment in the total supply chain including post consumer recovery. This recommendation is aimed for direct feed to the policy review team at DEFRA.
Recommendation 6	To consider the re-introduction of the Class D supply. Obliging Warehouses a wholesaler (or class D supply) obligation is introduced so that companies who supply packaging to non obligated businesses pick up the selling obligation that is currently not captured in the UK obligation.
Recommendation 7	The Environment Agency to re-assess the time allocation given to monitoring registered producers vs identifying freeriders to ensure the current allocation is delivering the best outcomes.
Recommendation 8	The ACP advises Government that higher targets should be set for 2013 onwards at the rate set out by each of the material sectors.
Recommendation 9	The ACP have asked WRAP to develop some generic tender clauses to assist local councils when it comes to

	retendering their service and for the waste industry to plan for offering the services that will deliver the returns needed for the packaging industry
Recommendation 10	The ACP to evaluate whether consortia of authorities with or without contractors could sell materials more effectively to reprocessors.
Recommendation 11	It is suggested that retailers via the Courtauld agreement consider committing to specific levels of content in those products where appropriate.
Recommendation 12	The ACP will develop a clear communication strategy using the industry network PRAG to help.

Annex 2: Work areas terms of reference

1. Optimising packaging

ACP terms of reference: Reduce the volume; using more recycled materials and promoting eco design

Brief from ACP to work area team :To provide evidence and examples of the extent that design of packaging takes into account utility, cost, recovery route, whole life environmental benefits of product and where possible the specification of the use of recycled materials. To produce forecasts of the potential for packaging reduction per person equivalent to 2020, to show comparisons with EU performance and to explain differences particularly those countries with less per capita than UK.

To inform the Committee of developments in products that assist better packaging of products and technological improvements likely in the years up to 2020 including potential considerations for return processes for recovery of materials.

Evaluation

1.1 The Context

The starting point for this work stream was an acknowledgement that packaging per person in the UK is less than in most other European countries, including Germany, France, Denmark, Spain and Italy. The UK is the only country where the amount of packaging per person has stayed the same for over 10 years, despite economic growth.

Increase in Packaging Used, kg per person 1998-2007

COUNTRY	INCREASE
UK	1
Austria	3
France	8
Denmark	12

Germany	14
Belgium	18
Greece	20
Italy	21
Spain	30
Luxembourg	32
Finland	50
Sweden	50
Netherlands	51
Ireland	60
Portugal	61

There are a number of reasons for this: better packaging design, the introduction of technologically advanced materials, greater collaboration between manufacturers and retailers and highly centralised distribution systems. It is also the case that glass, the heaviest packaging material, has a relatively low market share in the UK compared with many other European countries.

The work stream identified a number of drivers which are in place and ensure continuous improvement by encouraging manufacturers and retailers to innovate. These included the Essential Requirements Regulations, Producer Responsibility Regulations, Voluntary Agreements and industry codes of practice. In addition the design and choice of packaging is linked to the product, the specific supply chain it will move through, the end users' requirements and the end of life recovery treatment infrastructure.

The UK Packaging (Essential Requirements) Regulations allow packaging to be placed on the market only if it meets design requirements laid down in the European Packaging and Packaging Waste Directive, 94/62/EC (as amended). Packaging weight and volume must be the minimum needed for safety, hygiene and acceptability of the packaged product. In the UK, Trading Standards Departments of local councils are responsible for enforcing these Regulations. There have been a number of challenges for non-compliance but, since 1998, only 5 prosecutions for the use of excessive or deceptive packaging. This is because it is difficult to secure a conviction due to the criteria in the regulations but most companies respond positively to a challenge and improve their packaging without the regulators having to take the costly option of prosecuting.

Lincolnshire Trading Standards, for example, have dealt with 107 complaints since September 2008 and estimates that 70% of challenges have resulted either in the packaging being reviewed by the company or the packaging being changed. There is no central record of the challenges to companies and their resulting actions by all Trading Standards Departments so it is not possible to provide accurate activity on a national basis. It would be useful to demonstrate to the public the types of improvements the enforcement system has made and to show how effective it is in looking after consumer concerns.

Retailers also receive many comments and complaints about packaging and conduct their own confidential surveys. They also act on the information they receive and again there are some good examples where changes have been made as a result of demand.

1.2 Future trends and opportunities for improvement

1.2.1 Protecting Products

Packaging protects goods throughout the journey from manufacture to consumer. However, there is currently still wastage of product before it gets to the display shelf. Retailers working with WRAP estimate that approximately 75% of product damage occurs in distribution centres and stores. The ACP considers that it is in the interests of retailers to review the packaging and the handling of products with a view to avoiding waste and to establishing the appropriate transit packaging which will assist.

1.2.2 Specifying Packaging

The work stream identified a trend in some sectors to encourage companies to stipulate **the function** they want a particular pack to perform rather than to specify the exact nature of the packaging they want. Specifying packaging in this way encourages suppliers and designers *to innovate* and to consider a wide range of options in design and material use. The Committee consider that further research is needed in this area and ask that WRAP consider conducting some research with retailers on the opportunities this could create and to produce a report for the ACP to consider.

1.2.3 Voluntary Agreements

The first phase of the Courtauld Commitment focused on reducing the amount of sales packaging that is generated as waste. It had a singular focus and was not able to take account of the associated transport packaging or the trade-offs between product wastage and the amount of packaging. Subsequent phases have debated the complex balances and inter-relationships between consumer behaviour, product delivery systems, product waste and broader environmental impacts such as carbon. The Courtauld agreement is a valuable voluntary network that is able to commit to strategic changes and developments in packaging taking into account the complexity of supply chain packaging needs and also seeking ways to innovate and provide optimum packaging to fulfil the functional needs of the product.

1.2.4 Home Delivery

Home delivery of goods is a rapidly growing area through supermarket deliveries and internet orders of a wide range of products. According to

research done by the IGD, in 2006, 44% of UK adults bought at least one item online. By 2009, this had increased to 64%.

The most widely purchased goods are films, music, clothes and sports goods but a growing number (now 13%) buy food and groceries online. In addition, 15% of adults now shop online every week or more frequently. A major UK retailer now has 3.4 million visitors to its website and takes 475,000 orders online per week.

This trend is new to retailing and the impact of packaging has not been a focus of debate as yet. The ACP consider that this is an area where some research needs to be undertaken to advise on the extent, future potential, and packaging impacts.

1.2.5 Regulation

The ACP feels that the system for complaints regarding excess packaging through retailers and Trading Standards is robust and leads to continuous improvement, but that it is difficult to demonstrate outcomes to consumers. As part of its work on communications in its next year's work programme it will consider how the formal complaints process can be made more visible (it is on various web sites and links) and how better communication can show changes have been made or explanation provided which demonstrate the functionality of the chosen packaging if it is fit for purpose.

1.2.6 Demographic trends

The work stream identified that current demographic trends are towards an increase in population and a larger number of smaller households. A third of households are now single person. Inevitably, if there are more products, there will have to be more packaging to protect them. This means the total tonnage of packaging will increase even if the amount per household remains the same or falls. (Single households use more packaging than multi occupation household's) The work stream felt that measurements of the optimisation of packaging should focus on a per household metric rather than overall tonnage of material used. This will create a level playing field for monitoring and exclude other metrics relating to population and other demographic factors.

1.2.7 Technological trends

There are a number of developments in packaging materials and products that may lead to better protection for products with less material and/or to a lower environmental impact. These include:

- molecular-level clay coatings that significantly increase barrier properties

- traditional polymers derived from renewable resources, ideally materials that are waste by-products from another process
- tags to reduce 'shrinkage' of products
- Rapidly increasing use of 'retail ready packaging', which allows retail shelves to be stacked more quickly and efficiently, and which has in some instances resulted in improvements and reductions in overall packaging.

2. Obligated Tonnage Work stream

The ACP established a work stream to investigate the increasing gap between packaging placed on the UK market and packaging which is obligated by the packaging regulations. The actual amount of packaging handled by obligated producers has dropped by 2.7% during 2009-10 and over 5% between 2006 and 2010. However, estimations of the amount of packaging flowing onto the UK market have continued to grow during this period. Going forward it is estimated that packaging put on the UK market will continue to grow between 1 and 1.5 % annually. If obligated tonnage continues to decline, then higher UK business targets may be necessary to ensure that the obligation is sufficient to allow the UK to continue to meet the requirements of EU Directive 94/62/EC (as amended).

The ACP considers that there is a significant tonnage of material, most notably glass and plastics being placed on the market by small independent retailers who are not obligated because they do not meet one or other of the two threshold tests i.e. handling in excess of 50tonnes of packaging a year and having an annual turnover in excess of £2m. Although individually these retailers do not place a large amount of packaging onto the market there are a large number of them and this has a cumulative effect.

The work stream considered whether the threshold tests could be lowered in order to obligate these parties. However, the work stream felt that the threshold would have to be lowered to such a degree in order to obligate this material that the system would become difficult and more costly to enforce negating any benefit achieved. This work stream also considered the re-introduction of the wholesaler obligation (or class D supply), whereby any business who supplies packaged goods to companies that are not obligated would automatically gain the selling obligation on the packaging that would otherwise be lost by virtue of the fact their non-obligated customer does not register an obligation. This solution would obligate a significant amount of extra tonnage without a huge burden on businesses as only a small number of companies would be effected (mainly Wholesalers and distributors – many of whom are already obligated, albeit on a smaller level). A similar precedent has been set with the service provider obligation whereby suppliers of leased

packaging (pallets, tote crates) have an automatic rolled up obligation of both the packfill and selling obligation.

In addition to the above this work stream also considered the current enforcement of the Packaging Regulations in order to assess whether there were producers who should be complying with the Regulations but were not doing so. Although the work stream felt that there was no significant free-rider problem in regard to the Packaging Regulations it did feel that there were changes in regard to the emphasis of enforcement which could have a beneficial impact. In particular the taskforce noted that a new compliance scheme code of practice has recently been introduced. The code requires compliance schemes to robustly monitor the quality of the data its members provide. Previously, this role was largely performed by the regulatory agencies. The Taskforce have agreed with the regulators to consider the time allocation given to monitoring registered producers and identifying free-riders to check that the balance is delivering the best outcomes for the system.

3. On a material by material basis provide evidence of the optimal potential for return of material from all sources.

Brief from ACP:

To provide the ACP with quantitative and qualitative data on the range of systems that recover the greatest volumes that meets quality standards and market demand.

Provide narrative on market trends expected based on global demand and changes e.g. China and to indicate how returned material may find the optimum routes for reprocessing that derives the highest value in cash and carbon terms.

To provide evidence /estimates of expected tonnages of materials to be placed on market and based on the proposals for best return systems develop annual targets for obligated industries. This information will be provided with a reasonable degree of accuracy for 2015 and a methodology which can enable a review for targets to 2020 by 2013/14 that takes into account volumes and carbon reduction in order for the ACP to take a view on whether future targets should be weight and carbon focussed.

To provide quantitative and qualitative evidence on the appropriateness and practicality of return and recovery processes including when and what types of energy recovery are suitable. (n.b. work on the assumption unless otherwise demonstrated by the evidence based response that material recovery is the preferred option to energy recovery)

3.1 Metals

3.1.1 Steel

In 2010 652k tonnes of steel packaging was placed on the UK market. Nearly 387k tonnes of this material or 59% was recycled.

The Committee is of the view that further increases in recovery are well within the capability of the UK to achieve. In 2008 the recovery rate was 62% and by 2015 it is proposed by the industry to be 69%.

Steel is recovered by physical material recovery systems and also as the outcome of a number of industrial processes such as Mechanical Treatment and Incineration. It is estimated that mechanical treatment will generate another 15,000 tonnes of material by 2015. Unlike other industries the steel industry is not concerned about the quality of the material recovered and so can accept tonnage in a range of physical states. These processes enable capture of material that consumers do not or cannot recycle. Such processes are set to increase in tonnage processed as a result of the Governments leadership on major facilities via the Private Finance Initiative and thus further recovery of the material will occur when these come on line.

3.1.2 Aluminium

In 2010 just over 147k tonnes of aluminium packaging was placed on the UK market. Just over 60k tonnes of this material or 41% was recycled

The amount of aluminium that needs to be recovered in percentage terms is significant e.g. from 43% recycled in 2011 to the industry proposed 65% recycling target in 2020. In tonnage terms the amount of aluminium packaging is small. So in the next nine years the challenge is to recover a further 39,000 tonnes.

Aluminium packaging is used for drinks cans predominantly, some food cans, foil, foil containers, and composited with other materials e.g. in laminated carton based drink containers. It is this latter amount some 16,000 tonnes that is the most difficult to recover.

The industry is keen to ensure that local councils seek to recover aluminium which despite its light weight has a very high market value and substantial environmental benefits in terms of energy needed to recycle and in carbon reduction.

There are equally attractive markets both for mixed aluminium packaging (Used Beverage Cartons,, aerosols and foil) and lower grade materials recovered from mixed domestic waste, and like steel, either post incineration from bottom ash, or from a mechanical treatment process. The environmental benefits derived from recycling aluminium are the same whatever the end market.

Alupro has done some initial work which has shown that non ferrous metals represent 0.4% of municipal solid waste (MSW) and that 80% of this is

aluminium packaging. We estimate that by 2020 around 50,000 tonnes of aluminium packaging could be recovered. This calculation shows how important the processing of mixed materials and waste streams can be in further recovery and also by using mechanical means increase the amount recovered which if achieved would substantially contribute to being able to reconsider the current 2020 recovery forecasts.

3.2 Paper

In 2010 nearly 3.8m tonnes of packaging paper were placed on the UK market. In total nearly 3.1m tonnes of this material or 82% was recycled

Of the 3.8 million tonnes of paper packaging put on the UK market in 2009 approx. 2.8 million tonnes was corrugated and a further 0.7 million tonnes was cartonboard. Thus, together they make up some 92% of paper packaging consumed in UK. The remainder consists of liquid beverage containers (ca. 58 k tonnes p.a.), paper cups, fibrous cores, wrapping papers and labels.

3.2.1 Terminology

- The terminology used by the industry better indicates the suitability of different packaging for recycling:
- **Corrugated packaging**, typically for secondary packaging, has three layers with a fluted internal paper. It is used in approximately 74% of all paper packaging.
- **Cartonboard** is commonly used for primary packaging of a range of food products and is common place as cereal, chocolate and cigarette boxes. It makes up approx. 18% of the paper packaging total.

Both are commonly called 'cardboard' and whilst it is not an industry term it does have the advantage of recognising that the two sectors are essentially the same in terms of material and thus can be recycled together.

- **Liquid beverage cartons** (e.g. Tetrapak brand) are increasingly visible but remain a small tonnage overall. These products – which are also referred to as 'cartons' – are regularly made with integral plastic and metal inner layers.

The liquid beverage cartons industry has gone to great lengths to increase the collection of their product in recent years but it is recycled through a different process to 'cardboard' packaging.

3.2.2 Recycling of 'cardboard' (non-beverage) packaging

The paper industry has a long history of recycling and collection rates have been high in many sectors for decades. In addition to this successful history,

corrugated cardboard packaging is commonly used for secondary (or tertiary) packaging. Much of this remains in the commercial supply chain rather than the domestic waste stream. Some two-thirds of all corrugated packaging remains 'back of store', from where it can be readily collected.

This has enabled recycling levels for corrugated cardboard to reach levels of 80% where it has remained broadly constant for many years.

As society has become more concerned with recycling, opportunities have arisen for the collection of domestic cardboard, either through kerbside or bring facilities. An extremely high percentage of the population has such access to recycling for domestic cardboard, which has particularly benefitted the carton cardboard sector.

'Cardboard' packaging has found its own optimum level of recycling for commercial reasons, which happens to have exceeded current and existing future recycling targets.

3.2.3 Future targets for 'cardboard' packaging to 2020

Of the remaining material that is currently not yet collected for recycling some will not be recoverable (e.g. used for storage). While there is likely to be a small amount of material that could still be collected from:

- Corrugated in the commercial stream, e.g. the smaller, independent retailer
- Increased collection of cartonboard from the domestic stream

These additional amounts will be minimal and future targets should not be raised significantly.

The beverage carton market has been fairly steady at 56,000 to 58,000 tonnes pa for the last eight years, with most sales going into the fruit juice and dairy categories. Cartons are, however, becoming popular in certain non-traditional categories as retailers seek to lightweight packaging (e.g. ambient solid food in retortable cartons instead of cans). Depending on retailer uptake, this segment of the market could grow. Overall, a steady but slow increase to 60,000 tonnes is expected by 2020. The ACP will produce separate statistics for paper and beverage cartons as in effect they are different products and need different means to recover.

For cartons proposed recycling targets run to 2013 are:

2011 – 24%

2012 – 27%

2013 – 33% stretch target

This will be achieved by encouraging a shift away from the industry's own dedicated bring bank collection system to kerbside collection. About 65% of the UK is covered by the bring-bank system, and 30% of the UK now has kerbside collection of cartons.

2020-- 50% would be a realistic objective to aim for but it is not yet a sector target.

Cartons are a highly visible element of domestic life. Once used they represent by volume a visible amount of packaging of which the majority is wasted. The industry sector to increase the recovery of this product has to progress with the many considerations of the mixed elements of other materials in the pack.

No UK mill is currently equipped to process large quantities of cartons (collected material is sent to Sweden) but the carton industry is looking to invest in a UK plant with a view to establishing up to 20,000 tonnes recycling capacity and a price per tonne that incentivises kerbside collection and sorting.

The non-fibre elements of the carton (plastic and aluminium) would either be incinerated for energy recovery or separated (e.g. through pyrolysis) and recycled as industrial raw materials.

Recycling these materials and gaining value from them significantly improves the economic model and the overall value of the carton recycle.

3.3 Glass

In 2010 2.7m tonnes of glass packaging were placed on the UK market. A total of 1.6m tonnes or 61% of this material was recovered and recycled.

In theory all glass packaging waste material generated in the UK could be used either in UK container manufacture or exported for container manufacture or in other remelt applications if the material was collected in a way that delivered high quality cullet. It is well documented that the most economical way of collecting glass and delivering the best quality is through the bring bank system but the participation rates are not high enough to assist Local Authorities in achieving their targets. Kerbside collection is needed to produce high levels of recovery but this will need to be to an industry specification as much of existing glass is not suitable for remelt to new glass. Glass unlike other materials does not command high prices. In order to ensure that the best price is achieved it is important to ensure that collections systems preserve container quality to ensure it is used for reprocessing rather than for aggregate. .

Low grade material can also be used in other applications e.g. in the form of aggregates. Whilst this counts for recycling it is really downgrading the product and for a material which has plenty of alternatives. The ACP would encourage the optimal collection of glass quality and ask local councils and waste companies to consider the outcome requirements of industry when setting their specifications and offering services.

3.4 Plastics

In 2010 2.4m tonnes of packaging plastic were placed on the UK market. Just over 598kt of this material or 24% was recycled.

The ACP has focussed on plastic packaging in 2010 and has established a task force that will continue its work in 2011. As these materials are highly visible to consumers and are chosen by the majority of manufacturers for packaging because of weight, utility and cost, it is inevitable that this material is of concern to many.

Consumers are aware that there are a range of different plastic polymers used for different purposes; however, questions remain about the number of polymers used and the recyclability of plastics. Importantly people want to see that this material is not wasted at the end of its life; that is able to be recycled and that there is a commitment to do this rather than take an easy route to energy recovery or just disposal.

The ACP is particularly interested in optimising the recovery of plastics and the industry have committed to a 2020 journey which should see a step change in recovery rates. The ACP has compared UK achievement rates for different plastic packaging types with those areas in Europe that have achieved high plastic packaging recycling rates. Whilst no one country achieves the highest recycling rates for each plastic packaging type Germany and Belgium currently have rates of return higher than the UK and aim for between 40 and 45% overall recycling. A number of countries have high percentages of overall recovery which includes energy production and thus attain well over 80% total achievement.

The ACP view is that whilst energy recovery clearly has a role to play in recovery of packaging for paper, plastics and metals it believes that the aim should be to optimise the material recovery as this is where it sees the major gains. Ultimately energy recovery will be the route for material not set out for recycling or which is not able to be recovered by other processes in the recovery chain. It is not an either or option but it needs to be the right balance for environmental and economic reasons. Until there has been achievement of a balance of systems and facilities material may find its way into non suitable outlets including landfill. The ACP is taking the long view and being practical about change in behaviour and also delivery capability based on the systems and technology being implemented.

As part of this work stream the plastic packaging industry has considered what it feels is the maximum recycling rate it could achieve by 2020. In doing this the industry has split "plastics" into its various constituent streams and analysed what could be achievable for each stream. Although there remains a level of uncertainty, in particular in regard to films, which could lead to a higher or lower recycling rate the industry feels that a 45% level of recycling by 2020 is achievable.

Recycling Rates Per Stream

Stream	UK 2009	UK 2020	Best In Class 2009	Remark
Bottles	45	70	~70	Belgium with > 10 y focus
C&I film	~45	60	60	Denmark, Austria, Netherlands
Mixed Plastics	~2	25	~25	Germany, after 15y
Total	27	~45	~45	Belgium, Germany, Netherlands theoretical

Source: plastics industry

Consumers want more recycling of the range of pots, tubs and trays which are used in food retail and are commonly referred to as mixed plastics. Plastic film like shopping bags and packaging wrap can be returned to retailers but the big interest is in the recovery of film without using more energy, water, carbon and cost to recover it. This will be an area of future work for the ACP.

So for each area or category of plastics the industry has set out clear aims and the means to reach them.

Bottles:

Aim: 70% recycling rate by 2020

To meet this aim bottle collection is required from all households. It also relies on bottles other than drinks bottles being recycled, as well as bottles used outside of the home e.g. at events, in the street etc. Good sorting facilities for all collected bottles need to be in place. The technology is available but it is likely that the facilities that bale the material for market may need adaptations.

Commercial film:

Aim: 60% recycling rate by 2020

To meet this aim a system is needed to collect from all the major users and also from smaller users

Mixed plastics

Aim: 25% recycling rate by 2020

To achieve this requires the collection of mixed plastics from more than 50% of all Local authorities. Collection systems linked to joined up sorting and reprocessing infrastructure, will allow ALL dry plastics packaging to be collected.

There is the potential for major investment in infrastructure to achieve this. The technology to process is operating now and so it is more a matter of turning the tap on and the economics of market sales will drive the investment.

Solution for the non-recyclables

Aim: to keep this amount to the minimum but to acknowledge that the plastic element in non recyclable waste is more effectively used for energy production than landfill. It is felt that targets should not be set for this part of the recovery process as the aim is to keep the pressure on to optimise material recycling although statistics will monitor outcomes annually.

3.5 Wood

Total and Obligated Tonnages

Estimated waste wood arisings were 4.6 MT in 2007/8, although other estimates give a figure of 6.8 MT, the difference being attributed to different assumptions applied to the C&D waste stream. The recession has had a substantial impact on raw material input resulting in a larger-than-anticipated decline in waste wood packaging placed on the market. Obligated tonnage in 2007/8 was 1.17 MT, or 25% of total tonnage of waste wood arisings. The combination of low PRN value (currently £1–2/tonne) and high accreditation fees recyclers are not necessarily registering with the EA. So estimates of obligated tonnages based on notional percentages of total tonnages are likely to be variable, making accurate forecasting difficult.

Market dynamics

The dynamics of the waste wood are working against packaging recycling. In previous years more revenue was generated from the value of the PRN than from the value of the product. Grade A wood, which derives largely from packaging waste, is being targeted for combustion in boilers that do not need to be WID-compliant. Grade B wood (60% of which is estimated to end up in wood panels is also being targeted by biomass energy companies, offering 2-3 times what the wood panel industry can offer

Low PRN prices the Packaging Regulations target of 22% relative to the percentage actually recycled (>70%), and the erosion of some recycling outlets by competition from the biomass industry does not incentivise the sector to maintain accurate statistics and forecasts of packaging waste flows.

Increasing annual wood recycling targets post-2012 does remain an option.

4 Based on the advice by material group and retailer consider the tactical and practical operational systems and processes that will lead to achieving increases in recovery and other desired outcomes.

Brief from ACP: To engage with the recovery/waste industry and local government to propose the means by which recovery systems may be improved, and consumers encouraged to participate.

To develop a cost effective mechanism whereby producer obligations can be met without unnecessary burdens on them or on local government. Actively seek the means, by which cost per tonne recovery may be minimised, quality can be optimised and high market value income obtained.

4.1 Local Authority Collections

Collections of the various packaging materials can be summarised as follows:

Number of UK authorities collecting each material 2008/09

Material	Collecting at Kerbside	No Provision at Kerbside or Bring Site
Paper	433	1
Card	330	17
Glass	330	1
Cans ferrous and aluminium	420	1
Plastic Bottles	347	14
Plastic PTT	79	Unknown
Plastic film ¹	29	Unknown
All 5 core materials	206	26

Source: WRAP

However, analysis of Waste Data Flow for 2008-09 shows that the success of these collection arrangements varies significantly between local authorities. There are reasons for this. Socio-economic factors are important but performance differences are still significant even when authorities with similar characteristics are compared. The design of kerbside systems, and their relationship to the residual waste services provided explain much of the other variation. The key measureable factors are the number of materials collected, the frequency with which residual waste is collected and the “effective space” provided for recycling i.e. the volume of the containers times the frequency of recycling collections. Although it is less easy to measure directly there is good evidence too that effective local communications affects the success of recycling collections.

If councils all moved up a notch to the next level that others achieve then it is possible that existing schemes could deliver up to 1.4m tonnes of packaging material.

4.2 Specifications

The ACP considers that there is every incentive for councils to determine the system that best collects more materials, to the market quality, as this will not only potentially bring in extra income but also avoid costs of landfill and the increasing landfill tax. This will make even lightweight materials worth collecting. The ACP has asked WRAP to develop some generic tender

clauses to assist local councils when it comes to retendering their service in a similar way to their work on construction procurement. With the potential for some 75% of council collection contracts to be retendered within the period to 2020 this allows sufficient time and scope for asking for the service that will best encourage the return of packaging materials. It will also allow waste companies to plan their response and work with councils on income sharing and cost reduction.

The implementation of the Waste Framework Directive will bring obligations for separate collections for municipal waste of at least paper, card, metals, glass and plastics by 2015. These may be co-mingled collections but they should be collected separately from residual waste. However, these separate collections already largely exist in the domestic sector and the major opportunity to expand them will be in relation to business waste. The exception to this statement is plastic PTT and film. The requirement in the Directive and the implementing regulations to collect plastic separately does not distinguish between bottles and other forms of packaging plastic. However, the requirement for separate collection is limited to circumstances where that is “technically, environmentally and economically practicable”. It remains to be seen how this will be implemented in practice.

The implementation of the Directive is likely to vary throughout the UK. For example in Scotland consultations are currently in hand on regulations which would require glass, paper, card, metals, plastics and textiles to be collected separately from all other wastes and banned from landfill. The Regulations will not apply to waste produced at domestic properties.

The implementation of the Directive will also lead to further guidance from the Commission on the End of Waste criteria to be applied. It is possible that this could affect the point at which Packaging Recovery Note (PRN) evidence could be provided; opening the opportunity for local authorities to issue PRN's in some circumstances. This could be helpful in this context.

4.3 PRN Contributions

Retailers, packer fillers and manufacturers are all obligated under the packaging regulations –essentially- to pay for evidence (PRNs) that the relevant percentages of the packaging they put on the market have been recycled. This evidence does not have to be sourced from household waste and most companies secure their evidence through arms-length compliance schemes.

Since they were introduced, Valpak estimates that some £900m has been raised for investment in recycling operations through the PRN system. However, the system is specifically designed to minimise the cost of achieving the packaging targets. Once sufficient investment is in place for that purpose the need for further investment declines and the cost of PRN's falls. Now that

EU targets are being met in the UK, PRN values and the size of the PRN pool is falling. In theory the cost of PRN's should fall to the level necessary to maintain sufficient registered reprocessors to provide the required volume of evidence.

In practice it is the *value* of the material itself, rather than the PRN, and the *costs of alternative forms of treatment* for collected wastes, which have the larger influence on whether materials are recycled. The latest market price report from Material Recycling Week/WRAP shows that material prices are generally strong for paper, plastics and cans but dipping for glass perhaps reflecting a reduction in PRN prices. Prices are close to the high point reached before the 2008 recession.

Extensions to recycling services may increase local authority costs. For example WRAP has shown that the addition of plastic PTT collections can cost between £1.30 and £2.00 per household and the addition of plastic film around a further £2.50p. If authorities are to expand their recycling collections at a time of tight budgets, they will need a sufficient stream of income to cover additional costs and even then may choose to focus their resources on improving the cost structure of their existing collections.

The ACP was told that local authorities believe strongly that they are bearing an unfair share of the cost of collecting packaging – despite the producer responsibility – and that they would be unwilling to extend services without a significant additional source of funding.

4.4 Alternative income stream options

The alternative income streams considered by the Committee have included:

- Direct payments from obligated parties to local authorities through mechanisms like Green Dot and Fost Plus used elsewhere in Europe – effectively creating a collection obligation for packaging producers.
- A change to the structure of packaging targets to require more of the targets to be met from primary packaging (perhaps by targeting materials more specifically) or from household or municipal waste streams. This would be likely to increase the price of PRN's for material of these types or from these sources, and increase the opportunities for more of the PRN value to be invested in collection systems.
- Without changing the regulatory arrangements, increase demand for specific packaging materials through voluntary means by e.g. retailers making a commitment to achieve certain levels of recycled content in their packaging over defined timetables.
- Enabling local authorities to secure a greater share of the value of the materials collected through the price they are paid e.g. by the formation of consortia of local authorities able to negotiate collectively on equal

terms with reprocessors or obligated parties or by negotiating more transparent risk/reward sharing arrangements with waste companies.

The taskforce conclusions on these options are:

- A move to a continental style “Green Dot” system would be too great a change from our current arrangements: it would create significant numbers of winners and losers and be unlikely to attract a broad based support.
- A change in the structure of the packaging targets would work with the grain of the existing system and leave much of the underlying infrastructure for reporting and accounting in place. The change would shift the focus away from supporting reprocessing infrastructure towards collections. In the short term it would tend to increase the value of some PRN's and reduce others. The overall size of the PRN pool would be likely to increase, but the Task Force thought these higher costs should be seen as a shift in the balance of compliance costs, increasing the share borne by packaging producers but reducing the cost to local authorities.
- Some issues of practicality were raised including the problems of determining whether materials arose from household/municipal rather than industry sources. The ACP recommends that these practicalities are discussed in more detail with the compliance schemes and reprocessors. Some members thought it possible that targeting materials which are predominantly used for primary packing – PET and aluminium for example- rather than the source of the material might simplify administration and achieve similar results.
- The ACP saw considerable merit in looking at non-regulatory options. These could include voluntary commitments by the main producers to a timetable to increase recycled content in packaging where that is appropriate. This could have a positive effect on local reprocessing by creating more local closed loop opportunities for materials. It could also have a beneficial impact on the quality of recyclate since domestic reprocessors will need a higher quality material than is generally supplied for export markets.
- Producers might also, through their governance of the compliance schemes, determine that they would meet existing legal obligations in a way which would support increased collection from households. Such measures could be implemented more speedily and flexibly and in ways which fitted better with the needs of the producers. A series of specific commitments to recycled content could form part of the actions under the next phase of the Courtauld Commitment.
- The ACP was similarly attracted to efforts to help local authorities to secure a better share of the value of the materials they collect. They considered a case study of the benefits achieved by authorities in

For some retailers also such a collaborative approach would have the added attraction of making it easier for them to source recycled materials more easily for their own use by reducing the number of supply points they would have to deal with in order to secure the required volume of material. The ACP recommends early action to establish further pilot schemes and templates which other authorities can copy and has noted that such pilots are included in the activities included in the MoU between IESE and WRAP for action in the current year. Collaboration in this way offers an alternative risk management option for local authorities making use of the greater volume of materials and the ability to build reserves to manage short term market fluctuations. Local authorities already have extensive powers to collaborate in delivering their functions but in England additional powers proposed in the Localism Bill will extend opportunities for local authorities to act commercially in this area.

5 To advise on making producer funding more transparent and ensuring that it finances improvements in the recycling system.

Brief from ACP:

1. To assess the effectiveness of changes made to the Producer Responsibility system from 2011 to improve transparency of funding flows. This will include:-
 - Engaging with local authorities and producers to monitor improvements in visibility of funding flows.
 - Identifying any issues faced by accredited reprocessors and exporters in complying with the changes and to advise on possible solutions.
2. To scrutinise aggregated PRN/PERN revenue returns analysing the proportion of PRN/PERN revenue spent on activities against where it is needed to improve recycling rates.
3. To identify and advise on further opportunities to increase transparency of funding flows in the producer responsibility system.

This item was planned for an April 2012 start following the publication of PRN/PERN revenue data using revised categories but substantial discussion has already taken place in scoping out the issues.

6. Review and monitoring of legislation and provision of data from across the supply chain regarding recovered tonnages and carbon metrics.

Brief from ACP:

To ensure the committee are aware of developments in proposed legislation from EU or local legislation or policy proposals

To review the achievements of the packaging industry in meeting targets and policy objectives

Future work programme

7. Communication

Communication activities will need to be continuous but it is suggested that the core need for major communication will come at the end of 2011 and will be the key element of work for 2012 which will be engaging stakeholders in the outcomes of the Committees work and promoting implementation