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| Subject: | Consultation on Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval |
| Date: | 7th June 2022 |
| Reporting Officer: | Cathy Matthews Operations Director, Resources and Fleet |
| Contact Officer: | John McConnell City Services Manager Resources and Fleet |

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| Restricted Reports | |
| Is this report restricted? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| If Yes, when will the report become unrestricted? | |
| After Committee Decision | <input type="checkbox"/> |
| After Council Decision | <input type="checkbox"/> |
| Some time in the future | <input type="checkbox"/> |
| Never | <input type="checkbox"/> |

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| Call-in | |
| Is the decision eligible for Call-in? | Yes <input type="checkbox"/> No <input type="checkbox"/> |

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| 1.0 | Purpose of Report or Summary of main Issues |
| 1.1 | To present to Committee, Belfast City Council's draft response to the DEFRA consultation on the Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval. |
| 2.0 | Recommendations |
| 2.1 | The Committee is asked to endorse the draft response as the Council's response to the DEFRA consultation on the Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval which was submitted by the 21st May deadline, subject to the consideration of Committee and Council ratification. (Consultation paper attached as Appendix I and BCC Draft response attached as Appendix II) |
| 3.0 | Main report |
| 3.1 | <u>Key Issues</u> |

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| | <p>Members may recall from the People and Communities Committee meeting on 8th June 2021 that the Department for Environment, Food and Rural Affairs (DEFRA) had launched two consultations on packaging: one on Extended Producer Responsibility (EPR) and one on Deposit Return Schemes (DRS).</p> |
| 3.2 | <p>Following the consultation periods, DEFRA collated feedback and have now issued a response to the EPR consultation (the DRS response is expected to follow).</p> |
| 3.3 | <p>Within the EPR response, the UK Government and Devolved Administrations have decided to make provisions for the continuation of the PRN/PERN system in the new “Extended Producer Responsibility Regulations for Packaging Waste” as an interim measure, to demonstrate that recycling obligations have been met.</p> |
| 3.4 | <p>In light of the decision to retain the PRN/PERN system, DEFRA has published a consultation titled ‘Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval’.</p> |
| 3.5 | <p>Whilst the wider EPR measures (including full net cost payments for household packaging, modulated fees, mandatory labelling and enhanced communications) should address many of the shortcomings of the current producer responsibility arrangements, there are several improvements that may be necessary to further improve the functioning of the PRN/PERN market in the short term. These include the volatility and unpredictability of PRN/PERN prices, a lack of transparency, the potential for fraud in the issue of PRNs/PERNs and producer dependency on exports to meet recycling targets.</p> |
| 3.6 | <p>This consultation seeks views on proposals to address the identified issues and improve the overall effectiveness of the system, including suggestions from the Advisory Committee on Packaging (ACP) and other industry bodies.</p> <p>In particular, the consultation focuses on the following areas for reform:</p> <ul style="list-style-type: none"> • Reporting requirements on the sales of PRNs/PERNs • Reporting requirements on how the revenue from PRN/PERN sales is used • Timeframes for the trading of PRNs/PERNs • The introduction of a ‘technical competence’ test for compliance scheme operators and accredited reprocessors/exporters • The interface with the introduction of a Deposit Return Scheme (DRS) |
| 3.7 | <p>The consultation also asks for additional views and evidence on other proposed changes to the PRN/PERN system, including:</p> |

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| | <ul style="list-style-type: none"> The introduction of a compliance fee for producers that fail to meet their obligations |
| 3.8 | The responses to this consultation will inform decisions on Government's approach to the PRN/PERN system as part of the wider EPR reforms. |
| 3.9 | The consultation invited responses until 21 st May 2022. Resources and Fleet Services have submitted a draft response, subject to the pending consideration and approval by Committee. |
| 3.10 | A copy of the consultation "Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval" is attached as Appendix I |
| 3.11 | A draft Belfast City Council Response is attached as Appendix II |
| 3.12 | Overall, Belfast City Council welcomes the opportunity to respond to this consultation. Whilst the consultation does not have a direct bearing on councils (as we are not in receipt of PRNs/PERNs), the proposals around increased monitoring and reporting (particularly around revenue) from the sector are to be welcome, especially if there is to be greater transparency and accountability arising from the need to manage the resources within supply chains. The lack of transparency around this area has previously been one of the main criticisms of the PRN scheme. |
| 3.13 | Within our consultation response, we are supportive of the proposed measures outlined to bring about better consistency, clarity and regulation across the industry. We welcome the introduction of an operator competence test and we also await the proposed guidance on revenue reporting. |
| 3.14 | With particular reference to the PRNs/PERNs on DRS materials that remain in kerbside, we support Option 2 (To place a recycling obligation on DRS producers for packaging waste that is in scope of the DRS, but not collected by the Deposit Management Organisations) as this should provide greater clarity of the volume of DRS material recovered through councils' kerbside and other collection systems. |
| 3.15 | <p><u>Financial & Resource Implications</u></p> <p>None in relation to responding to the consultations.</p> |

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| 3.16 | <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>None in relation to responding to the consultations.</p> |
| 3.17 | <p><u>Abbreviations</u></p> <p>BCC – Belfast City Council</p> <p>DEFRA - The Department for Environment, Food and Rural Affairs</p> <p>DRS - Deposit Return Scheme</p> <p>EPR - Extended Producer Responsibility</p> <p>PERN - Packaging Waste Export Recycling Note</p> <p>PRN - Packaging Waste Recycling Note</p> |
| 4.0 | Appendices – Documents Attached |
| | <p>Appendix I – Consultation on Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval</p> <p>Appendix II – Draft BCC response to the Consultation on Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval</p> |