



<b>Subject:</b>	2020 Plastic Packaging Tax Consultation
<b>Date:</b>	8 <sup>th</sup> September 2020
<b>Reporting Officer:</b>	Siobhan Toland Director of City Services
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<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

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

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	To provide the Committee with an update on HMRCs Plastic Packaging Tax and to present the arc21 draft response to the proposals.
1.2	From April 2022, the Plastic Packaging Tax will apply to plastic packaging manufactured in or imported into the UK containing less than 30% recycled plastic.
1.3	At Budget 2020, the government announced key decisions it had taken for the design of Plastic Packaging Tax in light of stakeholder responses to the previous consultation in 2019. This latest consultation provides more information on these announced areas, as

	well as asking for views on areas of the tax design which have been further refined as we move closer to the implementation date.
1.4	The responses to the government's Call for Evidence on single-use plastic waste in 2018 highlighted that using recycled plastic is often more expensive than using new plastic. At Budget 2018, the government proposed to use a new tax to encourage the use of recycled plastic and has taken the responses from the first consultation, published in 2019, into consideration to develop the latest proposals.
1.5	The tax will apply to packaging which is less than 30% recycled plastic and will be paid by the "taxable person" (whether the manufacturer or importer) above the de minimus threshold of 10 tonnes per year. The tax thresholds in terms of de minimus and plastic percentage are not part of this consultation.
1.6	The 2020 Plastic Packaging Tax Consultation sets out 35 separate actions for comment. The document takes the form of a series of questions and, where possible, the joint councils that form arc21 has provided response which are appended to this report (see Appendix 1).
1.7	The Consultation opened on 11 <sup>th</sup> March 2020, with an extended closing date of 20 <sup>th</sup> August 2020.
1.8	Belfast City Council Officers contributed comments on the consultation to arc21. arc21 co-ordinated a response on behalf of its member councils. The draft response was presented to the arc21 steering group on 18 <sup>th</sup> August 2020 and the draft was submitted to HMRC.
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• note the 2020 Plastic Packaging Tax consultation document (Attached as Appendix 1 to this report); and</li> <li>• to note the joint Council response, prepared by arc21, response to the consultation document (Attached as Appendix 2 to this report)</li> </ul>

**Main report**

3.1

Building on the 2019 Plastic Packaging Tax Consultation this new document provides more information on these announced areas, as well as asking for views on areas of the tax design which have been further refined.

**Background**

3.2

At Budget 2018, the government announced that it will introduce a world leading tax on plastic packaging from April 2022. The tax will encourage the use of recycled plastic instead of new plastic within packaging. It will create greater demand for recycled plastic, and in turn stimulate increased levels of recycling and collection of plastic waste, diverting it away from landfill or incineration.

3.3

At Budget 2020, the government announced that Plastic Packaging Tax will apply at a rate of £200 per tonne of plastic packaging which does not contain at least 30% recycled plastic. This will apply to plastic packaging which has been manufactured in, or imported into, the UK. The government will keep the rate of the tax and the 30% recycled plastic threshold under review to ensure that the tax remains effective in increasing the use of recycled plastic.

3.4

At Budget 2020, in response to feedback from the previous consultation, the government announced that it will:

- Extend the scope of Plastic Packaging Tax to imported filled plastic packaging that does not contain at least 30% recycled plastic content, rather than just imports of unfilled plastic packaging.
- Exempt businesses that manufacture or import less than 10 tonnes of plastic packaging in a 12 month period from the requirement to pay the tax. This will ensure the administrative burden and cost of collecting the tax are not disproportionate to the environmental harms the tax seeks to address

3.5

The response is broadly supportive of the proposals contained within the consultation. A number of suggestions and improvements are offered and the response highlights that there are opportunities to be sought, in terms of the Government's approach to financially

	<p>incentivise manufacturers to take greater ownership and responsibility for the materials they market to consumers.</p>
3.6	<p>The response encourages the Government to consider what other items might benefit from a similar approach – introducing a tax upon items such as furniture, mattresses and textiles could add considerable momentum to the Circular Economy and showcase ambitions to be amongst the leading world economies in terms of environmental and economic performance.</p>
3.7	<p>The response raises the issue of the recent collapse in the price of oil which has worsened the differential between new and secondary plastic and added further pressures on the plastic recycling industry. Government is encouraged to support the indigenous plastic recycling industry to ensure that this remains a viable reprocessing sector.</p>
3.8	<p>the response seeks clarity on a number of issues raised within the consultation, including specific reference to the Packaging Producer Responsibility Regulations review and how this, when combined with the proposed tax, will demonstrate and support increased levels of collection and recycling and an increased demand for secondary plastic.</p>
3.9	<p>Clarity is also sought on how additional costs associated with an increased collection of plastic packaging by councils will be covered. We ask if this issue will be clearly outlined within the Extended Producer Responsibility (EPR) consultation document due out shortly.</p>
3.10	<p>With particular reference to councils, the response recognises that Government wishes to establish a degree of consistency across waste collection systems. However, arc21 raises the issue that collection arrangements are based upon local circumstances and are a matter for individual councils.</p>
3.11	<p>Whilst waste collection is being addressed through a separate consultation, the response takes the opportunity within this paper to seek details around the redistribution of funding. It recognises that the prospect of direct hypothecation or funding for councils has been excluded but in relation to the calls for “more sustainable waste infrastructure” asks for clarity as to what that might entail and how Government foresees local government providing appropriate responses to deliver this.</p>

3.12	<p><b><u>Financial &amp; Resource Implications</u></b></p> <p>There are no financial or resource implications in responding to the consultation.</p>
3.13	<p><b><u>Equality or Good Relations Implications</u></b></p> <p>There are no Equality or Good Relations implications in responding to the consultation.</p>
<b>4.0</b>	<b>Appendices – Documents Attached</b>
	<p>Appendix 1: The 2020 Plastic Packaging Tax Consultation</p> <p>Appendix 2: arc21 draft response to 2020 Plastic Packaging Tax Consultation</p>