

UK Government and Devolved Nations Consultation on Reforms to the Packaging Waste Recycling Note (PRN) and Packaging Waste Export Recycling Note (PERN) System and Operator Approval

Summary

This FDF note summarises the proposed reforms to the Packaging Waste Recycling Note and Packaging Waste Export Recycling Note System as set out in the recent consultation document issued by all four UK nation governments. It also includes information on the broader policy context and invites initial comments **by 22 April**.

Detail

The Government Response to the 2021 consultation on Extended Producer Responsibility (EPR) published on 26 March outlined the UK Governments decision to retain the PRN/PERN system as an interim solution for managing payments for non-household (and household) packaging waste. This is in the light of the decision not to introduce a system of business waste payments for now. This approach will therefore be reviewed as part of the general review of the new EPR scheme in 2026/27, including in respect of any payment options decided in respect to business packaging waste.

The PRN/PERN system was originally introduced under the 1997 Producer Responsibility Obligations (Packaging Waste) Regulations as a way for producers to demonstrate that they have met their statutory recycling obligations each year, by obtaining evidence notes. These evidence notes, called Packaging Waste Recycling Notes (PRNs) and Packaging Waste Export Recycling Notes (PERNs), are issued by accredited recycling processors or exporters for each tonne of eligible packaging waste recycled.

All four nation Governments believe that 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. In particular it should be noted that the EPR consultation response outlined the four nation governments intention to introduce the following:

- Mandatory requirement on all reproprocessors/exporters to register with a regulator and to become accredited if issuing PRNs/PERNs;
- Additional requirements on accredited exporters including on ensuring that shipments have been received and there is evidence of recycling by an overseas reproprocessor;
- Requirements on exporters to submit documentation to regulators prior to packaging waste shipments and for mandatory inspection of overseas sites;
- Ensuring regulators have access to a wide range of sanctions to help with monitoring and enforcement.

In addition to these changes, the Governments are proposing to make several minor reforms to help improve the functioning of the PRN/PERN market in the short term. These form the basis of the current consultation and which can be found [here](#).

These reforms are particularly aimed at addressing issues around price volatility, lack of transparency and potential for fraudulent issuing of PRNs/PERNs. They have been developed on the back of suggestions from the Advisory Committee on Packaging (ACP) and other industry bodies.

The proposals put forward in the consultation can be summarised as follows:

- Mandatory monthly reporting on amounts of packaging waste accepted and PRNs/PERNs issued;
- Mandatory monthly reporting on PRN/PERN prices and revenue data;
- More meaningful reporting on how the revenue from PRN/PERN sales is used;
- Changes to the timeframes for the trading of PRNs/PERNs to address cyclical issues in supply and demand and year end problems;
- The introduction of a 'technical competence' test for compliance scheme operators and accredited reproprocessors/exporters;
- Introduction of a compliance fee option for producers in the event of a shortage of evidence. NB the Government's initial view is to allow the other measures to take effect before pursuing this option unless significant support is received in response to the consultation.

This consultation also puts forward a range of options for managing the interface between the PRN/PERN market and the introduction of a Deposit Return System (DRS). This is identified as a particular issue during the early years of a DRS scheme's operation where there would be a greater risk of DRS material remaining in the EPR packaging waste stream and undermining PRN/PERN prices. NB All options would require DRS producers to report on the tonnages they place on the market in 2023 under future EPR Regulations.

Finally, the consultation calls for any other suggestions for improvements to the PRN/PERN system.

The continuation of the PRN/PERN system, incorporating the changes outlined above subject to the consultation responses, will be brought in through the new Extended Producer Responsibility Regulations. Whilst the PRN/PERN system will continue to cover the costs relating to the recycling of both household and non-household waste, a separate payment (stand alone in 2024 and then from 2025 as part of modulated fees) will be collected from producers to manage the cost of collecting and sorting household waste. This is an 8-week consultation closing on 21 May 2022.