Glass Packaging: Extended Producer Responsibility

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[Graham Stringer *in the Chair*]

2.30pm

Sarah Champion >
(Rotherham) (Lab)

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I beg to move,

That this House has considered the impact of extended producer responsibility for packaging on glass packaging producers.

It is a great pleasure to serve under your chairship, Mr Stringer. In the UK, the glass manufacturing sector supports more than 120,000 jobs, adding £2.2 billion to the economy each year. I am immensely proud to have Beatson Clark in my constituency, which has been manufacturing glass in Rotherham for more than 270 years. It is a key local employer, and the only remaining independent UK-owned glass container manufacturer. It is also the only company in the UK that still produces amber pharmaceutical glass. After adding in the supply chain, more than 2,000 people are dependent on Beatson Clark for their livelihood.

As we move to a fully circular economy, glass is the perfect packaging material. It is infinitely recyclable, does not lose quality over time and does not release harmful microplastics into products, including the human body or the environment at large. It is easily and widely recyclable, with no degradation as part of the recycling process. Bottle banks were first introduced in the UK in the 1970s. Glass that was collected then is most likely still in circulation today.

Glass manufacture is energy-intensive, but with electric and hybrid furnaces and readily available technology there is no reason why glass cannot be a net zero product in the not too distant future, especially with Government support with infrastructure and electricity costs, as per the Climate Change Committee's recommendations. Yet, because of the Government's dogged decision to press ahead with extended producer responsibility, initiated by the previous Administration, we instead face the decimation of our domestic glass industry.

Job losses and the closure of sites are literally just around the corner. That is not the industry overreacting. British Glass has already received warnings from more than one beer and cider manufacturer that there is no future for glass in this country due to the EPR policy. EPR follows hot on the heels of a challenging few years for UK glass manufacturing. The energy crisis, increased costs and a reduction in trade tariffs from 6% to 0% since leaving the EU have made cheaper imported glass so much more attractive.

Sonia Kumar >
(Dudley) (Lab)

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Holden's Bottling company in my constituency has written to me with concerns about EPR, saying it makes the company simply uncompetitive. Does my hon. Friend agree that if EPR fees were calculated on volume not weight, it would incentivise using more sustainable materials such as glass over plastic?

Sarah Champion >

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I support my hon. Friend 100%. It is crazy that we are not doing that by volume, because glass is heavier. We are forcing people to move to lighter products, particularly plastic.

Deirdre Costigan >
(Ealing Southall) (Lab)

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Would my hon. Friend also accept that because glass is heavier than other products, it costs more to recycle and transport? It may break during transport, so it is not the case that it is a more sustainable product.

Sarah Champion >

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I have not heard that or seen any evidence of that. All I can say is that in Wales, 95% of the glass is kerbside-collected and recycled. I do not know where my hon. Friend's stats come from. If she would like to share them with me and the industry, I would like to have a look.

Glass produced in Turkey is not currently covered by emissions trading, so the CO_2 emitted is not captured by matching penalties. In addition, Turkish glass manufacturers have built factories in organised industrial zones and benefit from Government support in the form of lower water, natural gas or telecommunications costs, as well as a lower taxation scheme.

The lower cost base, supported by the Turkish Government in the form of state aid, is assisting Turkey in targeting export prices at rates that are lower than UK factory costs. However, it is the baseline fees set for glass under the extended producer responsibility that are set to be the hammer-blow. And the hammer administering that blow is being wielded by a Labour Government, which I find hugely disappointing.

Alan Gemmell >
(Central Ayrshire) (Lab)

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I want to put on the record my pride in having a glassworks in Irvine in my constituency and in its many workers, including Mr Thomson, who lived next door to me in Auchenharvie Place when I was growing up. The Government must consider the concerns of the sector about the EPR and look at the evidence that has been supplied. And I urge the Minister to adopt the sensible solutions that my hon. Friend the Member for Rotherham (Sarah Champion) is suggesting today.

Sarah Champion >

Share

I thank my hon. Friend for that intervention.

The glass sector has always supported the principle behind EPR. It lobbied, on sound environmental and safety grounds, against inclusion in the deposit return scheme, knowing and accepting that that would mean the inclusion of all glass products in EPR. Yet the terms of EPR have seemingly been deliberately stacked against the sector.

It is not only glass manufacturers who will be hit hard by this change. Indeed, since being granted this debate I have been inundated with messages from organisations worried about the impact of EPR.

Noah Law >
(St Austell and Newquay) (Lab)

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Does my hon. Friend agree that it is important to ensure that the implementation of EPR avoids unintended consequences for businesses such as pubs, which are already facing huge headwinds? In many cases, pubs already manage their packaging waste through commercial contracts, so they would face double the levy.

Sarah Champion >

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My hon. Friend makes a sound point, which I will reinforce.

Let me go through some—I emphasise "some"—of the organisations that have been in touch with me about this issue. They include Vinarchy, one of the world's largest wine companies; the Society of Independent Brewers and Associates; the Campaign for Real Ale, CAMRA; the British Beer and Pub Association; the Wine and Spirit Trade Association; UKHospitality; the Foodservice Packaging Association; the Metal Packaging Manufacturers Association; the Scotch Whisky Association; the Irish Whiskey Association; the English Whisky Guild; the Brewing, Food and Beverage Industry Suppliers' Association; the National Association of Cider Makers; and WineGB. All these organisations have spoken out against EPR and their criticisms of the approach being taken by the Government have been surprisingly—indeed, strikingly—similar. Minister, they cannot all be wrong.

Other assessments of EPR plans have been similarly damning. The Office for Budget Responsibility has concluded that EPR is a tax. It will not improve recycling rates and it will damage businesses. The Bank of England and the British Retail Consortium have recently stated that the impact of this policy on businesses will be similar to that of the increased national insurance costs. As my hon. Friend the Member for St Austell and Newquay (Noah Law) said, all this is coming at a time of rising economic uncertainty, which is the result of the Trump tariffs. Pubs face an estimated £8 million hike in their costs, which will equate to an extra £2,000 per year for a large pub.

Edward Morello >
(West Dorset) (LD)

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I thank the hon. Lady for securing this debate. Like her, I have heard from the British Beer and Pub Association, and I have also heard from several of the pubs in my constituency of West Dorset. The British Beer and Pub Association has said that the increase per bottle on beer and cider will be between 5p and 7p. That comes on the back of increases in business rates—one of my local pubs, The George in West Bay, saw their business rates rise from £8,000 a year to £27,000 a year, with increased national insurance contributions on top. If we want to keep village pubs, we need to support them and not keep taxing them.

Sarah Champion >

Share

I agree 100%. These consequences —one hopes that they are unintended consequences—are the stark evidence that has been put to the Minister, but seemingly it is not making any difference.

I go back to the point that my hon. Friend the Member for St Austell and Newquay made. EPR is intended to apply to household waste only. As pubs and similar businesses already pay for their packaging waste collection via commercial contracts, they are being charged double.

Andy Slaughter >
(Hammersmith and Chiswick) (Lab)

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My hon. Friend is making an excellent speech. She is pointing out the double counting and the effect of EPR. I have 19 pubs and Fuller's brewery in my constituency, and they employ about 4,000 people. With all the other pressures on pubs and the hospitality industry at the moment, this is a bridge too far. Does my hon. Friend agree that the Government need to reconsider this?

Sarah Champion >

Share

I completely agree with my hon. Friend: the Government need to pause, and I will go on to argue why they need to do that.

One of the problems is that packaging producers are unable to exclude these products from their EPR liability. There is no way out for pubs and hospitality businesses other than to pay. The Wine and Spirit Trade Association has said:

"Defra's new rules do not work, and the vast majority of bottles sold in hospitality will pay EPR fees, completely unfairly. Defra are aware of their mistake but have admitted the issue would not be prioritised."

Why? For brewers, the cost of glass beer bottle packaging is estimated to be more than £150 million per year. These additional costs will ultimately be passed on to the consumers. The Government themselves estimate that 85% of EPR costs will fall on the end user. With the public already facing stubbornly high costs of living and inflationary pressure, I cannot comprehend why the Department for Environment, Food and Rural Affairs is proceeding with a policy that its own analysis suggests may not meaningfully improve recycling rates. I urge the Minister to change course and step away from this madness.

Let us look in detail at this flawed scheme. The exact methodology for calculating EPR has still not been fully shared, even though it came into effect last month. The process to date has been far from transparent. Based on current illustrative fees, glass is liable for around 30% of EPR costs, while only representing around 5% of in-scope material by volume. That is because fees are calculated by weight, not volume. Glass, as a relatively heavy material, suffers unfairly because of that, yet volume is the limiting factor when collecting and processing waste, not weight.

British Glass has raised several areas that it believes are incorrect in the methodology for calculating the base fees, but it has received no certainty from DEFRA that these will be reflected in the final fees. I am aware that other packaging trade associations have serious concerns about the methodology used to create the base fees. The fee for glass currently stands at £240 per tonne, which equates to around 10p per glass bottle—significantly higher than under similar schemes in Europe.

Germany is often cited, including by DEFRA, as having a good example of a successful EPR scheme. In Germany, the fee stands at £24, or €28, per tonne of glass. I appreciate that collection methods are different in Europe so the comparison is not exact, but are we seriously expected to believe it costs 10 times as much to collect and process glass in the UK as it does in Germany?

The policy makes even less sense when we consider that brands and retailers do not buy packaging by weight, but by unit. That is why it is essential to have an EPR fee that takes into account unit numbers. Recyclable glass can be 20 times heavier than less recyclable packaging, resulting in vastly disproportionate EPR fees on glass.

When I raised these issues previously, the Minister acknowledged that the per-unit impact on glass is higher than for other materials, yet the Government have failed to address that, calling into question their repeated claim that the policy is material-neutral. That is simply not true. Glass is being penalised. The implementation of EPR leaves glass at the mercy of its competitors. Glass beverage containers have been subject to EPR fees since the start of April 2025. Competing materials such as aluminium and plastic will face no policy fees until the introduction of the DRS in, at the earliest, October 2027.

Deirdre Costigan >

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Will my hon. Friend give way?

Sarah Champion >

Share

Not at the moment.

In the meantime, our Government are driving packaging customers decisively and permanently away from glass. If, for example, a brand sells 1 million half-litre bottles, the EPR fees for glass would be £72,000. If, on the other hand, the brand decides to put its product into plastic or aluminium, it will pay no EPR fees whatsoever. Officials and Ministers have argued that materials that are part of a deposit return scheme will be subject to set-up costs, and it is on those grounds that they are granted exemption from EPR fees for close to two and a half years. Yet those set-up costs are still unknown publicly and therefore cannot be, and have not been,

considered by brands and retailers when making their packaging choices. The truth is that brands and retailers can avoid the imminent threat of additional costs from EPR by switching away from glass packaging to not pay EPR fees on their beverage products. Once those producers have decided to switch packaging materials, they must invest in new filling technology, and that makes it highly unlikely that they will ever switch back to glass.

This is not a hypothetical problem. The glass industry is already seeing evidence of material-switching to less recyclable packaging. I know that DEFRA has been sent a great deal of evidence of material-switching but, let us be honest, this policy choice does not seem based on evidence but on some unfathomable ideology.

Deirdre Costigan >

Share

Will my hon. Friend give way on that point?

Sarah Champion >

Share

I am sorry, no.

In public, and in response to correspondence, DEFRA stated that there is no, or not enough, evidence of material-switching. That is simply not true. The industry, our businesses, and the sectors affected have supplied that evidence. It makes me wonder whether there is any threshold of evidence that would result in a rethink of the scheme.

DEFRA has highlighted the modulation of future EPR fees to address those expansive concerns, but let us be honest, even at the earliest point that such modulation would be introduced, huge and likely terminal damage will already have been done to glass manufacturers. It is not clear under the current guidelines whether glass will receive a reduction in fees, and it could even receive a fee increase in the future. Fees are currently charged retrospectively so, given the lack of confirmed information on the level of fees that glass will face, the costs are essentially unrecoverable. How can businesses be expected to operate under this profound uncertainty about their current and future costs?

For DEFRA, "reuse" often represents a magic bullet that will address all concerns, if only the industry would get onboard. The glass sector is keen to be part of the development of reuse and glass is the perfect material for it, but we must accept that large-scale national reuse systems are at least a decade away because there is currently no reuse infrastructure. Furthermore, not all products are suitable for reuse. Glass manufacturers can already supply reusable bottles, but a reuse scheme is much more than that. It would require significant buy-in across the whole supply chain.

The Minister also needs to recognise that not all glass bottles are for drinks. Beatson Clark, in my constituency, manufactures medicine bottles. Reuse is a laudable goal and one that the glass industry is keen to collaborate with the Government to achieve, but it is being repeatedly deployed as grounds to ignore the industry's concerns about EPR. Reuse and EPR are two separate issues, and the conflation seems a deliberate muddying of the debate. The short-term impact of EPR could destroy the UK glass industry long before plans for reuse are even on the drawing board.

DEFRA has stated that the recycling reforms will add at least 21,000 new jobs and £10 billion to the UK economy, and stimulate the growth on which the Government are rightly focused. Yet it is unclear how those new jobs will be created. They are unlikely to be the kind of wealth-generating jobs that we currently have in the glass sector—jobs that are based in our manufacturing heartland, which really needs that work. Even if the Minister's prediction were true, why risk existing jobs? Why not take the time to get EPR right and have both?

This is not scaremongering. The glass packaging industry is being driven into a crisis directly of the Government's own making. UK glass manufacturers are already reporting that demand is down by 20%—although the EPR policy has been in place for only a month—and that low-cost imports have increased to help to absorb EPR costs.

On paper, I get that the Government are ostensibly seeking to encourage recycling, while recovering the cost to the public purse of its delivery. That is the right objective, but their approach will achieve the exact opposite. It will encourage switching to less recyclable materials; add costs to businesses such as pubs and breweries already struggling under inflationary and other cost pressures; and increase prices for consumers. If the concerns of industry are not addressed today, the Government also risk destroying our domestic capacity, leaving us reliant on highly polluting foreign imports.

I have raised these issues with the Minister time and again, as have other hon. Members, British Glass and individual businesses. I cannot therefore understand the reticence to engage with these very real problems. The origins of EPR lie with the previous Administration, but by continuing this flawed and ultimately self-defeating approach, a Labour Government risk destroying a great British industry. Does the Minister really want to be responsible for killing off our most recyclable packaging producer?

Graham Stringer >
(in the Chair)

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We have approximately 39 minutes before I call the Front-Bench spokespeople, and eight Members who wish to speak, so I will impose a five-minute limit on speeches. Could hon. Members speak to the time, or slightly less? If there are interventions, I will have to reduce that limit.

2.51pm

Helen Morgan >
(North Shropshire) (LD)

Share

It is a privilege to serve with you in the Chair, Mr Stringer. I thank the hon. Member for Rotherham (Sarah Champion) for securing this debate, and I congratulate her on opening it with such a comprehensive description of the issues that the industry is facing. I will start by declaring an interest, because my husband is the finance director of a wine merchant. I assure hon. Members that the impact of EPR on the wine industry has been described to me on many occasions—it is causing such great concern.

North Shropshire has a number of excellent breweries, in addition to wine merchants, including Joule's, Stonehouse and Salopian. In fact, Salopian had one of its excellent products, Shropshire Gold, in Strangers Bar two weeks ago—I hope that everybody had an opportunity to sample it. The pubs that the breweries supply are at the heart of our rural communities, and are fundamental to both village and market town life.

The hospitality and drinks industry are facing a number of headwinds, and the EPR scheme threatens to have a devastating effect on them. We recognise that the principle of applying a levy to those products to encourage producers to reduce the amount of packaging, and unnecessary packaging, is absolutely sound. There are significant concerns with the EPR scheme, however, and it causes a significant issue for the industry.

Lisa Smart >
(Hazel Grove) (LD)

Share

This is an important debate. I am lucky to have Robinsons Brewery in my constituency, as well as a number of pubs and the excellent bottling and packaging plant in the Bredbury industrial estate. They have been in touch with me about this issue, because they already pay for commercial waste collection and packaging recovery notes, and the threat of EPR will cost them an additional £500,000. The scheme is not only costly, but complex—does my hon. Friend agree that one of the concerns is unnecessary complexity, and that should be looked at?

Helen Morgan >

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I totally agree with my hon. Friend: the continuation of the PRN scheme alongside the EPR scheme is one consideration.

We need to protect local and high street businesses. The lack of clear information about what the levy will be is really problematic. Since September 2024, the price has been estimated at between £110 and £330 per tonne—a huge variation. Businesses cannot plan their cash flow and how much they need to accrue without at least some certainty about the levy that will be introduced on a scheme that is already in place. I urge the Minister to nail down that final amount as quickly as possible, so that there is certainty for managing this difficult situation.

There is an enormous amount of bureaucracy involved in calculating the amount of packaging. For example, an importer of wine bottles sells bottles to the on-trade and the off-trade. Although the importer can make good assumptions about the off-trade, where people buy bottles for personal consumption, they have no idea what happens when bottles go to the on-trade—they have lost control, so how do they realistically accrue?

Some of DEFRA's assumptions are not helpful, such as that a bottle of wine or beer bought from a pub will end up being recycled by the council just because it cannot be proven that the person who bought it did not take it home with them. That seems insane. Most pubs are paying huge amounts of money to get their waste recycled privately and they are not costing the council anything, but the producer—the importer of the product—is now having to charge them. They will be paying twice, which is not sustainable for most local pubs.

Small pubs will have to pay about £350 or more a year, a medium-sized pub will have to pay around £750 and larger ones will have to pay £2,000, on top of their excessive business rates. It is important to remember that pubs cannot absorb that, because of their tiny margins, so 85% of those costs are likely to be passed on to consumers anyway. The idea that the producer pays is not going to work in this instance because pubs cannot change the packaging they use, so the consumer will end up paying, which is extremely problematic. The cost will be about 5p to 7p on every bottle of beer and around 15p on a bottle of wine; that might not seem like a great increase for a one-off purchase, but it will cost consumers an extra £154 million a year to buy bottled beer, which is quite considerable.

It is crucial that businesses are supported in transitioning to this scheme, because they are already struggling with the employer's national insurance hike, the business rate increase and, for wine merchants, the changes to the way that duty is paid. I call on the Minister to take a sensible, common-sense approach to this issue and to consider an exemption from EPR for pubs. We should also reconsider the scope and timeline of its implementation, because we are at risk of delivering a crippling blow to hospitality and the drinks industry, which are already struggling with huge headwinds.

In the time that I have left, I will mention the example of a wine merchant—Members may wonder how I know this information. The wine merchant in question has a turnover of £25 million and makes profits of only £500,000 a year. That is a 5% profit margin, and this wine merchant is unusual in that it is quite profitable. EPR is estimated to cost it £272,000, more than 50% of its current profit margin, so there is no way that it will be able to avoid passing that on to the pubs and the consumers that buy from it.

The increase in national insurance will cost the wine merchant £92,000, and the ABV changes a further £262,000. It is a highly profitable and successful business of enormous longevity, but there may be no alternative for it other than putting up prices and laying people off. I urge the Minister to take into account these really serious concerns about the viability of businesses and to reconsider the implementation of this tax.

2.57pm

Deirdre Costigan >
(Ealing Southall) (Lab)

Share

It is a pleasure to serve under your chairmanship, Mr Stringer, and I congratulate my hon. Friend the Member for Rotherham (Sarah Champion) on securing the debate.

In the 10 months since I was elected MP for Ealing Southall, one issue has been raised with me more than any other: litter and fly-tipping. That is why I have made it my business as an MP to campaign on the issue, and that is why I welcome the extended producer responsibility regulations. They sound complicated, but they mean that the businesses that make the packaging that ends up on our streets and in our parks need to pay for that packaging to be recycled or disposed of. It is the polluter pays principle, and it makes complete sense to my constituents in Ealing Southall.

Up to now, local councils have had to pay the full cost of getting rid of that rubbish, and that means it is actually local council tax payers who foot the bill. That is not fair, and I know that my constituents will welcome the businesses that produce the packaging finally being forced to pay for it. When they buy a SIM card on the internet, they wonder why it comes with so much plastic and paper packaging. The new system means that businesses will face extra costs for that, which will give them a reason to reduce packaging, taking rubbish out of the system in the first place. For my constituents, that will mean less cardboard and plastic strewn on our streets.

The new system will also mean that Ealing council will now get an extra £4.7 million this year from the levy. It sounds like a lot of money, but in fact it costs £30 million every year to collect and get rid of all our rubbish. It is only right that the people who produce the rubbish should have to pay at least some of that massive cost.

Sarah Champion >

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Will my hon. Friend please assure her constituents that the whole sector supports EPR, but that, because of the two-year lag, there will be more plastic on her streets, not less?

Deirdre Costigan >

Share

I thank my hon. Friend for her intervention. I am afraid that the glass industry is perpetuating some of these untruths, and it just needs to get on board with the policy—it constantly wants to delay, but we need to make EPR happen now.

The glass industry says that it does not support the policy and that glass is more recyclable than other products. Let it tell that to my constituents, who see glass bottles in black sack fly-tips in parks, or dropped in little piles on streets where people have been street drinking, every day. In fact, just 43% of glass is recycled back into bottles. The glass industry also says that glass is being treated unfairly compared with plastic and cans, but plastic and cans will be included in the deposit return scheme, as we have already heard. Glass had the opportunity to be part of the scheme and the industry lobbied hard not be included. I congratulate it—it did a good job—but it cannot get off scot-free. It is either part of the reverse vending machine plan or part of the "polluter pays" system that we are talking about today. It has to be in one or the other—it creates litter and it must pay for the cost of clearing it up. Council tax payers cannot be left to continue picking up the tab.

The glass industry also says that it is being charged more than it should be, because the fees are based on weight. As I have said, weight is important: the heavier a product is, the more it costs to transport for recycling. It is also breakable, which increases the cost further, and glass costs a lot more to recycle, both in money and in carbon, as the heat has to be so high. Recycled glass bottles use 75% of the energy needed to make new bottles, compared with just 15% for reuse. The charges in the plan are based on the estimated costs to councils of recycling glass, and the industry needs to understand that. Glass really does need to come up with a sustainable plan for reuse, rather than arguing against the tide of the "polluter pays" principle.

I know the published fees are still in draft so that the Minister and her Department can ensure they are fair and based on actual costs. I have a lot of sympathy for the pub and restaurant businesses that might be affected, but the Department is looking in detail at some of the points raised, so I am sure a sensible solution will be found. It is important to emphasise that clean streets are vital for pubs and restaurants—they will not make money if no one wants to go to their mucky town centre.

The final argument from the industry is that it does not think the fees it pays will be spent on waste and recycling. I have heard that a lot, but already my local council in Ealing is making plans to spend some of the money on cracking down on fly-tipping. It will use CCTV by Southall common and treat fly-tipping as an environmental crime with police tape and a cordon, based on work by Keep Britain Tidy. Ealing council also has plans to open a new reuse centre in Acton.

There are calls from the glass industry, as we have heard, to delay the "polluter pays" levy, but I strongly urge the Minister to resist those calls. The previous Government delayed taking action, which led to rubbish on our streets increasing by more than one third on their watch. People in Ealing Southall want cleaner streets. They are sick to death of bottles, cans, cardboard, mattresses, sofas and all the rest of it blighting their community. The Government have already shown they are deadly serious about making local areas feel loved again. Let us get on with sorting out the mess and bring in the new law to clean up our streets.

3.03pm

Mr Will Forster >
(Woking) (LD)

Share

It is a pleasure to serve under your chairmanship, Mr Stringer. I start by thanking the hon. Member for Rotherham (Sarah Champion) for securing this really important debate so that we can collectively put pressure on the Government.

Times are hard. Things cost more and people are genuinely unhappy. What we do not want is to take away their beer or make it more expensive. The beer or pub sector in my constituency of Woking supports more than 1,800 jobs and contributes £100 million to Woking's local economy. That is probably not surprising, as we are home to Asahi UK, a huge brand that covers Fuller's, Peroni and Cornish Orchards, to name a few. Pubs are generally much more than just a business. They are hubs in our high streets and at the centre of our community life—places we go to watch a football match or take our grandparent on a Sunday afternoon to make sure they get out of the house. They are a fun place to drink pints with a few of your friends. Who here has been to the pub after a funeral, sharing stories about loved ones? I know I have, at The Cricketers in Horsell in my constituency. The core of what we are speaking about today is that pubs are really important places for people, and I am worried that the Government's rules will undermine that.

In grief or in happiness, the British pub is an integral institution and always there for us—or so we hope; but the future of the pub is under threat. The Government's poorly designed EPR scheme is a production tax in all but name, placing more than £100 million of new annual costs on brewers for glass packaging alone. The Liberal Democrats support the goal of making packaging and manufacturing more sustainable. We have long advocated improved recycling and a well-designed deposit return scheme, but the current approach to EPR risks doing more harm than good. It heaps unpredictable and escalating costs on to producers great and small—whether that is Asahi or the small brewery in my constituency, Thurstons —without offering clarity or stability that businesses need to plan for the future. For local brewers or publicans already battling inflation and higher taxes, these additional costs affect jobs and investment. Disastrously, this cost is also passed on to people going down the pub or buying a bottle of what they fancy from a shop. In Woking, it means a direct hit to ordinary people already struggling with the cost of living crisis.

This issue extends beyond my constituency. What is worse, this scheme is supposed to apply only to household waste, but the way it is currently designed means that pubs are charged double. Despite already paying for commercial waste collection, they now face an additional £60 million burden across the sector, with some larger venues expected to pay up to £2,000 extra each year. Even the Government have acknowledged that that is a flaw, yet this will not be fixed until year three of the scheme. That delay is not acceptable. Why should a struggling local pub in Woking, or any other constituency for that matter, be forced to bear unnecessary costs for the next two years while the Government dither?

It gets worse. The Office for Budget Responsibility has rightly classified EPR as a tax, yet businesses still lack the basic clarity around the final fees, the reporting rules or even whether they will be liable. Such uncertainty is paralysing for businesses already hurt by international or local events. How can small brewers or pubs make investment decisions when they do not know the rules of the game they will be playing or what the liabilities will be?

The impact of EPR extends beyond hospitality. Let us talk about glass, as the hon. Member for Rotherham did. More than 60% of glass packaging in the UK is produced domestically, but the EPR scheme risks pushing manufacturers to abandon glass altogether in favour of cheaper, less sustainable materials, such as our old friend plastic. We have seen similar schemes in the United States drive glass manufacturers out altogether. In the UK, more than 6,000 people work in the glass sector, and penalising them is the wrong thing to do. I therefore ask, urge and implore the Minister to commit to reviewing EPR in order to support the food and drink sector, especially in my Woking constituency. The Liberal Democrats and I support environmental initiatives, but not at the cost of local jobs, economic growth or the viability of businesses that hold our communities together. The Government must rethink this scheme.

3.08pm

Jacob Collier >
(Burton and Uttoxeter) (Lab)

Share

It is a pleasure to serve with you in the Chair, Mr Stringer. I thank my hon. Friend the Member for Rotherham (Sarah Champion) for securing this important debate.

As the MP for Burton and Uttoxeter, I am proud to represent my hometown and the home of British brewing. As I have said many times in this house, Burton's brewery heritage stretches back centuries, and our iconic breweries are known the world over not just for the quality of their beer, which I sample very regularly, but for the communities that they support and the skilled jobs that they sustain. Brewing is in our blood; it shapes our local economy, our identity and indeed the very character of our communities. When policies come forward that could affect the future of this proud industry, we must pay close attention. Extended producer responsibility is one such policy. The ambition behind it is good—we want to see more recycling, less waste and a greener future—but the way this policy is being introduced risks real harm to businesses that are already working very hard to do the right thing.

Andy Slaughter >

Share

My hon. Friend is right that nobody is against the principle of recycling or the aims we are trying to achieve, but the policy is having unintended consequences for many small brewers and small pubs, which have very tight overheads. In some cases, the cost of EPR is more than their total profit, which is why I hope the Government will look again and come back with a revised scheme.

Jacob Collier >

Share

Absolutely—I am just about to make that point. Under the current plans, brewers, particularly those using glass bottles, face more than £150 million a year in new charges. That is not a minor adjustment. For some producers it could be the difference between profit and loss, in a sector that is already under huge strain.

The impact does not stop at the brewery gate. Pubs, many of which already pay for their own commercial waste disposal, will be charged again under EPR. That double payment for the same waste will cost up to £2,000 a year for larger venues. While DEFRA has acknowledged that this is a flaw in the system, a fix is not expected for another two years. In the meantime, pubs will foot the bill.

EPR will have a direct impact in my constituency, which has the most brewing jobs of any constituency in the UK and is home to companies such as Punch and Greene King, and to brewers such as Molson Coors and Marston's. The policy will stifle growth and investment at a time when they are the Government's No. 1 mission. There is also confusion about how EPR should be classified. The Office for Budget Responsibility calls it a tax, whereas DEFRA calls it a levy.

That lack of clarity really matters. Businesses in my constituency and around the country need certainty to invest, plan and grow, and at the moment they do not have it. Perhaps most frustratingly of all, according to the Government's own analysis these changes might not meaningfully improve recycling rates. We risk burdening brewers and pubs with new costs without a guarantee that EPR will actually deliver the environmental benefits that we want to see.

Nobody is asking for the goals of EPR to be abandoned, but we need to make sure that the system works for the environment and for British industry, local jobs and communities such as mine that depend on them. Burton's brewers have survived wars, recessions and global pandemics. They can continue to thrive with the right support, but they cannot and should not be asked to carry an unfair burden. Will the Minister please listen to the industry and work together with us to get this right?

Several hon. Members rose—

Share

Graham Stringer >
(in the Chair)

Share

Order. We are running out of time, so I will reduce the time limit to four minutes.

3.12pm

Jim Shannon >
(Strangford) (DUP)

Share

It is a pleasure to serve under your chairship, Mr Stringer. I give a special thanks to the hon. Member for Rotherham (Sarah Champion) for setting the scene so well—Champion by name and champion by nature. Well done.

We are all aware of the need to be good stewards of this planet, and for that reason we have set ourselves goals and targets that I support. The hon. Lady raised the practicality of those goals—it is not that we do not agree with them; we all accept their principle, but the question is how we achieve them in a way that does not affect the businesses that will feel the pain the most. It is a pleasure to see the Minister in her place; I think she and I previously discussed this in a debate in the Chamber just before Christmas.

In Northern Ireland, as is becoming the norm, we have different recycling obligations. The Producer Responsibility Obligations (Packaging Waste) (Amendment No. 2) Regulations (Northern Ireland) 2023 amend the Producer Responsibility Obligations (Packaging Waste) Regulations (Northern Ireland) 2007 to update the glass remelt formula by increasing the proportion of glass packaging waste that producers must recycle by remelt by 3 percentage points to 75%.

We are all agreed on the need to have something. The packaging and packaging waste directive is included in annex 2 of the Windsor framework, about which the Minister and I spoke during our discussion in the Chamber. That means that the directive will continue to apply in Northern Ireland following the UK's EU exit. It is currently anticipated that this will be the final year of the 2007 regulations being in force, with extended producer responsibility for packaging expected to be introduced this year. For the *Hansard* record, what discussions has the Minister had with the Northern Ireland Assembly—I know she has had them, but can we have that on record?

Over the past three years, the target for glass recycling has been stuck at 82%. Our local councils are doing a grand job with kerbside glass collection, and that has changed mindsets, including my own. Changing mindsets has been important, so that all glass goes into that small bin in the kitchen, then is taken down to the recycling centre or left at the end of the road for the council to collect. However, more can be done to ensure that packaging is made from recycled products when possible and financially viable. I believe that that is something that the phased scheme is capable of achieving.

The bottom line for me, as well as for the hon. Member for North Shropshire (Helen Morgan), is ensuring that additional obligations on businesses are financially viable. I do not use that term lightly; I believe that a business should not have to choose between reasonable profit and meeting its obligations. Although the phasing in of the scheme has given a taster, I underline the concerns of the metal, food packaging and glass industry associations. My understanding is the same as that of the hon. Lady: the profit margin is as tight as it can be. If it is that tight, it will not take very much to throw businesses over the line and for them to find themselves in financial difficulties, so I thank the hon. Lady for that introduction.

The concern is that calculating base fees based on the weight of packaging will put a disproportionate cost burden on heavier materials and might cause a market distortion towards less environmentally friendly materials, which would go against many principles. Glass is one such sectors. I understand that the Government have indicated their willingness to assess the matter and I look to the Minister to provide assurance that that is, and will remain, the case.

We must ensure that our businesses can produce at a price point that is attractive, and not have people considering importation because of the massive variation in cost. We have no control whatsoever over recycling obligations for imports. We must meet the targets, but only by bringing businesses along with us, not by leaving them behind or giving them financial obligations that they will find hard to achieve. I know that that is the Minister's desire, and it will hopefully be the aim for the coming years.

3.17pm

Dr Allison Gardner >
(Stoke-on-Trent South) (Lab)

Share

It is a pleasure to serve under your chairship, Mr Stringer. I thank my hon. Friend the Member for Rotherham (Sarah Champion) for securing such an important debate.

There are 51 pubs in my constituency of Stoke-on-Trent South, supporting 1,280 local jobs and contributing more than £40 million to our local economy. However, I have heard repeatedly from breweries and pubs in my constituency that the extended producer responsibility for packaging will have a substantial cost implication for those pubs, particularly for the smaller ones, which struggle to absorb additional costs. Although the scheme covers household waste, most glass pub products are classified as household waste, and as such, they are not exempt from EPR fees. Pubs now face a double whammy, as they will have to pay EPR fees on top of the costs that they already pay for waste collection and recycling through private contracts. Although I greatly welcome plans to amend that in the coming years, in the meantime, large pubs face, on average, costs of £2,000 per year.

We know that brewers have slim profit margins already, at roughly 2p per bottle, so the EPR levy—or tax—threatens to eliminate those margins, and I worry that consumers will pay the brunt. In fact, the Government's own analysis estimates that around 85% of EPR costs will be passed on to consumers. For bottled beer, that could mean an extra 5p to 7p per bottle—my Jim would really be annoyed about that. We risk driving up the cost of food and drink in our local pubs, potentially deterring customers and weakening the competitiveness of our sector.

Heineken supports several pubs in my constituency, including the Spotgate, the Black Lake Inn, where I had a nice meal on Sunday, the White Hart, the Swynnerton Arms, the Roebuck Inn and the Princess Royal. I have heard directly from them about the real impact that EPR fees are having on their businesses. I know that there is a plan to adjust EPR fees in two years' time, based on the environmental impact of packaging materials. However, under the current fee structure, which involves charging per tonne of packaging material, different packaging materials are charged at different prices. Often, packaging materials with the best recycling record pay the most, which is particularly damaging for businesses such as pubs, which rely on glass packaging.

As a Stoke-on-Trent MP, it would be remiss of me not to mention the ongoing impact on the ceramics companies in my constituency. Heavy-duty packaging materials, such as glass and steel, which are commonly used by ceramics manufacturers, attract higher EPR costs due to their weight. The health of the ceramics industry relies on the glass industry. We cannot make glass without ceramics refractories. If the glass industry is on its knees, that will have a knock-on effect on the ceramics manufacturers.

Although I appreciate that the implementation has already been delayed twice, I urge the Minister to rethink or to provide a clear and fixed date with at least one year's notice. Businesses need that certainty to plan, invest and transition smoothly, without the disruption caused by shifting timelines.

3.20pm

Josh Newbury >
(Cannock Chase) (Lab)

Share

It is a pleasure to serve under your chairmanship for the first time, Mr Stringer. I thank my hon. Friend the Member for Rotherham (Sarah Champion) for securing this debate, and for her frank and wide-ranging speech. I will use my time to highlight the significant and growing concerns within the hospitality sector, particularly in our pubs.

The principle behind EPR—ensuring that producers take responsibility for the packaging waste that they create—has my full support. It is absolutely right that we strive to reduce waste, increase recycling, and shift towards a more sustainable circular economy. In delivering these changes, however, we must also ensure that we do not unfairly burden working people or the businesses that serve our communities, especially when many of them are already doing their part.

A truly circular economy means designing waste out of our systems and reusing valuable materials like glass. Glass is one of the most recyclable materials that we have, and in the hospitality sector it has been instrumental in supporting closed-loop recycling systems, not just recently but for decades.

The Government have highlighted the development of the EPR policy since 2019. I acknowledge the points raised in a written response to me from the Minister, which outlined the extensive consultations undertaken in 2019, 2021, and 2023 on the implementation of the legislation. It is clear that the Government have engaged with stakeholders, including glass manufacturers, to shape the policy and assess business impacts. Despite the consultation, concerns remain, particularly among those at the frontline of hospitality, about the unintended consequences of this otherwise positive step forward.

I echo what has been said about the specific challenges those on the frontline face, and ask whether the Minister will consider targeted adjustments that would maintain the integrity of the scheme while ensuring fairness for businesses that are already contributing to recycling efforts. Specifically, the classification of glass packaging used in pubs as household waste, as has been said, is estimated to cost pubs £2,500 a year on top of the other cost increases they face. That is despite them already managing their waste through commercial channels, at a relatively high cost that often rises above inflation.

Pubs are assets to communities in Britain. They are not just alcohol vendors, but places for people to hold what might be the only conversation they have that day. They are community centres, workplaces, incubators for the hospitality staff of tomorrow, and linchpins of many village economies. However, the British Beer and Pub Association estimates that the double charging that the EPR could inadvertently bring in could add between 5p and 7p to every bottle of beer sold in the UK. The risk is that the producers of beer will be discouraged from using glass and could gravitate towards alternatives, such as plastic, which although lighter, does not offer the same level of recyclability.

There is a level of unfairness in the proposed EPR fees for pubs, which, as other hon. Members have stated, will effectively pay twice for waste collection. The fact that the OBR has defined EPR as a tax but DEFRA deems it a levy, has left pubs uncertain as to whether costs will have to be absorbed by businesses or whether they will be passed on to their customers, something that could depress demand and make it even harder for businesses to plan for the future.

We must get the implementation of EPR right, so that we achieve environmental progress without putting an unfair burden on the very people and businesses who keep our communities going. Pubs, brewers, and hospitality businesses are already doing their bit. I hope that the Government will ensure that their policies rightly reflect and reward that effort.

3.23pm

Alex Mayer >
(Dunstable and Leighton Buzzard) (Lab)

Share

It is a pleasure to serve under your chairmanship, Mr Stringer. I congratulate my hon. Friend the Member for Rotherham (Sarah Champion) on securing this debate, although I fear she is not going to agree with what I am about to say.

Glass is one of the most used materials in the world—we have used it for thousands of years. In ancient times, glassmaking was viewed as mysterious and magical. It is a really special product and we use a lot of it in this country. I think that the extended producer responsibility is the right way to go. We are talking about recycling, reusing and reducing. There is a business in my constituency called ecoSIP, run by a man called Alex Taylor. He is a supporter of the EPR scheme; I suspect that the Minister will be pleased that there is a business that does support it. He wrote to me and said:

"We are supporters of the EPR scheme. We believe it forces companies to take responsibility for the emissions and waste that they create, and provides incentives to decarbonise."

He is part of a UK-led green packaging revolution. It is happening in Leighton Buzzard, but also across the east of England—in Ipswich, for example—and right across our country. EcoSIP is on a mission to decarbonise the drinks industry with lightweight, low-carbon packaging. I have been to visit and I have seen the little packages used for its wine. Each pouch uses just 2.5 grams of material. Its packaging uses 90% less CO_2 than glass, yet the wine inside tastes just as good. We need to take that on board, not least because we are in the midst of a climate emergency.

Deirdre Costigan >

Share

Is my hon. Friend aware of Frugalpac, which produces wine containers in Ipswich, and is similarly trying to wean us off our reliance on glass and other unsustainable packaging and to offer green jobs in this country?

Alex Mayer >

Share

I am absolutely aware of Frugalpac in Ipswich. The east of England, where I am from, is leading the charge.

These modern green manufacturing organisations face certain issues. I urge the Minister to talk to other Departments as well, not least about the Weights and Measures (Intoxicating Liquor) Order 1988, which I am told makes it illegal to sell 125 ml portions, which is what an average person would normally order as a glass of wine, in this modern packaging. There is stuff to be done, but luckily that is not a DEFRA thing.

There will always be a role for glass. It looks pretty—there is a bottle of it here. I love my Bonne Maman jars. We are never going to be able to turn an ecoSIP container into a candlestick holder. But we have to crack down on waste and boost recycling. The extended producer responsibility is an important first step, not least because it will also create 21,000 jobs and put a £10 billion investment into recycling, which is really welcome. In conclusion, I urge the Minister not to bottle it and to make sure that she goes full steam ahead.

Graham Stringer >
(in the Chair)

Share

We now move on to Front-Bench spokespeople, starting with Sarah Dyke for the Lib Dems.

3.27pm

Sarah Dyke >
(Glastonbury and Somerton) (LD)

Share

It is a pleasure to serve with you in the Chair, Mr Stringer, and to speak on behalf of the Liberal Democrats on this important issue. I congratulate the hon. Member for Rotherham (Sarah Champion) on securing the debate.

It is right that the Government are taking action to make manufacturing and packaging more sustainable. Recycling is essential for protecting natural resources and reducing the environmental impact of waste, but given that only 9% of plastic ever produced has been recycled, it has never been more urgent to make packaging more sustainable. The introduction of EPR can help us to achieve that, but it is important that it does not come at the cost of business viability.

The Liberal Democrats have real concerns that the EPR scheme, as it stands, will put the financial stability of small and medium-sized businesses at risk. Further uncertainty and instability for these businesses must be avoided, especially as they navigate the aftermath of the previous Conservative Government's economic mismanagement and try to find a way through the challenges being put on them by the current Government.

Representatives from the pub, beer and cider sectors have told me that they are really concerned about the impact that EPR will have on their businesses. The drinks sector in Glastonbury and Somerton supports 101 pubs and over 1,200 local jobs, and contributes £29 million to the local economy. Profit margins for many of these businesses are paper thin, and they will have no choice but to pass on the additional costs they incur to their customers.

That is backed up by DEFRA's impact assessment, which confirms that 85% of the costs will be passed on to consumers. Research from the British Beer and Pub Association has found that EPR could add £154 million a year to the cost of beer bottles, negatively impacting many traditional beer and cider-producing businesses that use glass bottles. The Society of Independent Brewers and Associates has noted that the implementation of EPR in its current form will likely have a significant impact on small independent breweries, pubs and consumers.

Wendy Chamberlain >
(North East Fife) (LD)

Share

I should declare an interest, as chair of the Scotch whisky all-party parliamentary group.

My hon. Friend mentions independent brewers. Independent distilleries in North East Fife and elsewhere in Scotland face a real challenge, because they often do not produce separate bottles for hospitality and for other consumers. Does she agree that the Government need to look at that in their consultation, because those businesses will end up being taken into EPR through both household waste and hospitality?

Sarah Dyke >

Share

My hon. Friend makes a really good point. Those are, indeed, the unintended consequences we will see if the scheme is rolled out in its current form.

I am really worried about how this will impact the independent pubs in my constituency such as the Etsome Arms in Somerton, which prides itself on celebrating brilliant local brewers. This comes at a time when the UK has lost a hundred small breweries in the past year alone, with many more facing costs that they cannot absorb by themselves.

Glastonbury and Somerton is home to breweries such as Glastonbury Ales and Fine Tuned Brewery, near Somerton, as well as distilleries such as the Spirit of Glastonbury gin company. I visited Fine Tuned Brewery earlier this year to hear about some of the challenges that small breweries face, and the people who run the brewery explained their concerns about the impact that EPR will have on their business. They feel like they have been left in the dark due to poor communication from DEFRA.

It is clear that the knock-on costs of EPR will have an impact on these businesses. In fact, many in the industry are concerned that beer and cider producers might be incentivised to switch to less costly packaging such as aluminium or plastic. Those materials are more difficult to recycle than glass, so there is a risk that the scheme will achieve the opposite of its intentions. This potential backward shift in material usage may be only two years away, when the deposit return scheme comes into force.

In addition—and this concern has been echoed by many Members today—I have spoken to people in the industry who say it is clear that producers may end up paying twice for hospitality and business waste packaging under the current guidelines: once for existing waste collection and then again through EPR. I hope the Minister will comment on this uncertainty and provide businesses with the clarity they need.

On Sunday, people across my wonderful county celebrated Somerset Day and the important traditions of the region. One such deep-seated tradition is cider making. It is an economically significant and indispensable part of Somerset's cultural fabric. Glastonbury and Somerton is home to fantastic producers such as Dowding's in Wincanton, King Brain in Little Weston, Burrow Hill in Kingsbury Episcopi, Tricky Cider in Low Ham, Harry's Cider in Long Sutton, Hecks Cider in Street and Bere Cider in Bere, near Aller, to name just a few.

Cider makers are fully supportive of a circular economy, but many are worried about how EPR might make their businesses unviable. Many cider producers operate on thin profit margins, as I have said, and some may struggle to remain viable if they are laden with these additional costs. The National Association of Cider Makers has expressed frustration that the introduction of EPR does not align with the introduction of the DRS in two years' time. While the full costs of EPR will not be confirmed until June, the hammer blow is already being felt. Businesses have been experiencing disruption since its introduction last month, making it very difficult for them to plan effectively.

Combined with other costs, EPR is squeezing profitability and threatening employment. Given the economic importance of cider makers, whether through the people they employ or the cider apple-growing farms they partner with, it is a massive concern to many in Somerset that these additional costs could seriously damage the industry.

When I held a very well-attended cider blossom season tasting event in Parliament earlier this year, a cider maker told me that cider is often seen as synonymous with Britain, and that British cider's terroir is something that no other country can replicate. Cider making is a unique industry, so the costs of EPR must be proportionate and producers must be supported as they move towards a circular economy, rather than being forced out of business.

The Liberal Democrats know how important it is that businesses are given the notice, support and time they need to plan and adjust. The lack of clear information on the final fees and the timing of the start of producer liability creates challenges for business planning. I hope the Minister can give some clarity on that matter today.

The Liberal Democrats believe it is crucial that businesses are supported in this transition, especially when they have already been hit by higher employer national insurance contributions and higher business rates, as has been outlined by my colleagues today. We have concerns not only about how EPR's implementation might affect small businesses but about how the scheme will be regulated.

The Environment Agency is already severely underfunded and struggles to fulfil its regulatory obligations on water quality. Consequently, we are cautious about EPR and want to ensure that it comes with appropriate support and additional funding for the Environment Agency to meet this additional responsibility.

Likewise, given that EPR changes the way local authorities will be required to manage household recycling, we believe that the role of local authorities in the scheme must be properly supported—they are constantly being asked to do more and more with less and less.

The Liberal Democrats recognise the importance of making packaging more sustainable, which is why we have long been committed to introducing a deposit return scheme for food and drink bottles and containers. It is also why we want to see the complete elimination of non-recyclable, single-use plastics within three years, and why we want to end plastic waste exports by 2030. However, we are also clear that those ambitions must be achieved by working collaboratively with industry to ensure that small drinks businesses are not left behind or struggle to remain viable. If we do not deal with this issue, then less recyclable and less circular materials, or cheaper imported glass with a larger carbon footprint, will become a more viable option for businesses in a sector in which the margins are already very tight.

3.38pm

Dr Neil Hudson >
(Epping Forest) (Con)

Share

It is a great pleasure to serve under your chairmanship, Mr Stringer. I congratulate the hon. Member for Rotherham (Sarah Champion) on securing this important debate, which provides an opportunity to examine the matter further. I also congratulate colleagues from across the House, and across the country, for their powerful contributions referencing the glass manufacturers, pubs, breweries, distilleries and other affected businesses in their constituencies.

As we have heard, pubs are an important part of our local communities, and of our social and family interactions, in both happy and sad times. A number of pubs have been namechecked today, and we have had a cider tour. I believe that even Heineken was namechecked, and, from memory, it refreshes the parts that other beers cannot reach.

The hon. Member for Rotherham made a powerful speech in which she advocated very strongly for Beatson Clark, a major manufacturer in her constituency that plays an important role in producing the amber glass for medicine bottles.

We Conservatives have a proud record of environmental stewardship. Between 2010 and 2022, we successfully reduced the amount of waste going to landfill by 47% and the amount of biodegradable waste going to landfill by 46%. We also introduced a simpler recycling collection system to make it easier to recycle, saving people time and preventing confusion to boost recycling rates. Additionally, our introduction of the single-use plastic bag charge in 2015 saw a remarkable 95% cut in sales of plastic bags in major supermarkets, significantly reducing plastic waste.

We also passed the landmark Environment Act 2021 and set targets to tackle some of the biggest pressures facing our environment. That includes ensuring progress on clean air, clean and plentiful water, less waste, a more sustainable use of our resources, a step change in tree planting, a better marine environment, and a more diverse, resilient and healthy natural environment. In addition, the Act includes a new, historic and legally binding target to halt decline in species by 2030.

However, we must acknowledge that challenges persist. Concerningly, household waste recycling rates have plateaued. The latest published data from December 2024 showed a small decline from 44.6% in 2021 to 44.1%. However, there were some positives: notably, a rise in packaging waste recycling from 62.4% in 2022 to 64.8% in 2023.

The previous Conservative Government laid the foundations for progress in recycling and enhancing the circular economy by embracing the “polluter pays” principle to drive up recycling and improve resource efficiency. The Labour Government have attempted to take up the Conservative baton, but as ever with their implementation, the devil is in the detail. Although further action is needed to drive up recycling rates, significant concerns have been raised about the extended producer responsibility scheme in its current form, including issues relating to fee calculations, consistency across the devolved nations, cross-border business implications and the timing of the scheme’s roll-out, given the new financial challenges that this Government have bestowed upon businesses.

Although some aspects of the EPR scheme have come into effect, including data reporting, businesses are yet to feel the fee element. For example, waste disposal fees—otherwise called waste management fees— which need to be paid for packaging that is classified as household packaging, commonly binned packaging or glass household drinks containers, will be invoiced from October 2025. That invoice will be for fees for packaging placed on the market in 2024.

Modulated fees—an extension of waste disposal fees—are scheduled to come into effect in 2026 and will add a financial incentive or penalty, taking into account the environmental impact and recyclability of specific packaging formats. Therefore, hard-to-recycle packaging may face a higher fee.

This debate is focused on glass, and Members will no doubt be aware of concerns raised by the British Glass Manufacturers Confederation about waste disposal fees. Although it is welcome that the Government have clarified that they are looking at weight-based fees, there are concerns that glass will still be significantly impacted. As has been said today, there is much uncertainty about how the fees will be calculated, thereby penalising glass.

The spirits industry is an important part of the UK economy, and there are many spirit businesses operating across the UK. The UK Spirits Alliance has also raised concerns about the potential economic impact of those fees on the industry, which supports more than 446,000 jobs and contributes £13 billion annually to the UK economy. Disproportionate treatment of glass could threaten that vital sector. I understand that DEFRA has suggested that 80% of the cost of EPR will be passed on to the consumer. Small and medium-sized producers, including independent distillers, will have to make the difficult decision either to absorb the cost or pass it on.

The British Beer and Pub Association estimates that EPR fees will add 5p to 7p per beer bottle, equating to £154 million in additional annual costs. Alarmingly, the Office for Budget Responsibility has warned that EPR is unlikely to have a material impact on recycling rates, which raises questions about whether this iteration of the scheme is effective in achieving its environmental aims.

With that in mind, I would be grateful if the Minister could clarify whether the Government believe that glass, which is 100% recyclable, should have higher or lower waste disposal fees than plastic or aluminium. Furthermore, will she confirm what assessment has been made of the potential damage to the glass industry from the waste disposal fees, taking into account both the economic cost and the impact on jobs? Is she concerned that high waste disposal fees for glass may result in a shift in packaging to plastic, which may ultimately undermine the UK's environmental goals?

Will the Minister also outline how the UK Government are working with the devolved nations to implement the EPR? What differences will there be nation to nation? What impact will that have on businesses operating across borders? For example, how will the Scottish Government's decision to include glass in the DRS impact the roll-out of England's EPR? It is so important to have joined-up thinking and policy implementation across our United Kingdom in sectors that span our domestic borders. Will the Minister also clarify whether the Government have ambitions to expand the EPR scheme to any other industries? If so, will impact assessments be carried out? In the light of the OBR's assessment of the EPR, how will the Government seek to increase recycling rates?

I mentioned the timing of the roll-out of the EPR, and it is important to highlight how significant that is. The scheme, which imposes additional costs on businesses, is being introduced at a time when the Labour Government have caused significant uncertainty and pressure for businesses. The introduction of Labour's jobs tax—the increase in national insurance contributions—means that businesses face an extra £900 in national insurance costs per employee. For many businesses, that may lead to job cuts, wage freezes or investment being put on hold. Sadly, in some cases, it may lead to businesses being shut down. If a business is able to survive, it is likely that those additional costs will be passed on to consumers.

Given that context, it is only right to consider whether it is appropriate to add further costs on businesses, however commendable the aim. His Majesty's most loyal Opposition will continue to scrutinise these developments closely and ensure that the concerns of businesses and consumers are not ignored, while we continue to protect our precious environment.

Graham Stringer ›
(in the Chair)

Share

Minister, will you try to leave a short time for the proposer to wind up the debate?

3.46pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs ›
(Mary Creagh)

Share

I am grateful for that guidance, Mr Stringer. I did not do that last week, so the Clerks have clearly made a mark against my name. I will do my best, and I have my team on standby to yank me down, as I am sure you will do. It is a pleasure to serve under your chairship today.

I thank my hon. Friend the Member for Rotherham (Sarah Champion) for asking for this debate. She has been a doughty supporter of Beatson Clark in her constituency and of the glass industry in general. I also thank hon. Members from across the parties who have made valuable points today.

The aim of the reforms is to create a more circular and resource-efficient economy. They are the biggest reforms in a generation. The three elements—simpler recycling, DRS and extended producer responsibility for packaging—will turn the dial on recycling rates, which, as the hon. Member for Epping Forest (Dr Hudson) said, have stagnated over the past 15 years and are bumping along at 42% to 44%. Assessments show that getting our household recycling rate up to 65% over the next 10 years will drive £10 billion of new investment in the British economy and create 21,000 new jobs.

Sarah Champion ›

Share

Will the Minister give way?

Mary Creagh >

Share

I will make some progress and then give way.

UK circular industries—those that keep products and materials in circulation for as long as possible—currently deliver £67 billion a year to the economy, up from £44 billion in 2008, and provide 827,000 jobs. My hon. Friend the Member for Dunstable and Leighton Buzzard (Alex Mayer) talked about the innovators in her constituency creating new packaging. I will take away the point about weights and measures and see what we can do in a cross-ministerial way.

Sarah Champion >

Share

Will the Minister give way?

Mary Creagh >

Share

I will give time at the end but I want to make some progress.

The annual growth rate of circular industries is 3%, more than double the UK's overall growth rate of 1.2%. Extended producer responsibility for packaging—pEPR—moves recycling costs from taxpayers to packaging producers. Think about it: not everybody drinks and not everybody shops online, but we are all paying for the costs of collection. We have had a great tour of drinking places, hostelries and amazing producers, but at the moment everybody in the country is paying for that, through council tax and general taxation. These reforms are creating systematic change, and that is hard.

Simpler recycling in England will make recycling easier and consistent. People will be able to recycle the same materials, including glass, whether they are at home, work or school, which will create a step change in the quality and quantity of recyclate streams. That is enabled by pEPR, which will pay for the new costs associated with the change, as my hon. Friend the Member for Ealing Southall (Deirdre Costigan) mentioned.

We are also introducing deposit return schemes in England, Northern Ireland and Scotland that add refundable deposits to single-use plastic, steel and aluminium containers. I discussed this with my colleague in Northern Ireland last week at the British-Irish Council environment ministerial meeting at Kew Gardens. We had a two-hour debate about how we would co-operate on the circular economy, in particular looking at the challenges of Guernsey, Jersey and the Isle of Man—island economies with no real reprocessing facilities—and what we can all learn from each other.

Wendy Chamberlain >

Share

Will the Minister give way?

Mary Creagh >

Share

I am going to make some headway.

DRSs cut litter, boost recycling rates to more than 90% and create high-quality materials that industry can reuse. Since it launched in 2024, the Republic of Ireland's DRS has seen over 1 billion containers returned and a near 50% reduction in drinks container litter. Last week, I met Timmy Dooley, the Minister of State for Environment, Climate and Communications in the Republic of Ireland, who he said he had been sceptical of the DRS but now has the zeal of a convert.

This challenge is changing the way in which retailers and producers think about eco-design. Walkers is starting to use paper-based packaging for crisp multipacks, and many supermarkets are now using paper rather than plastic trays for fresh food. Our vision is to become world leaders in circular design, technology and industry.

These reforms were started by Michael Gove, late of this parish, back in 2018—seven years ago. I remember successive Secretaries of State for DEFRA coming to the Environmental Audit Committee, when I was Chair, and promising these reforms and deposit return schemes. There has been extensive engagement and consultation with business on pEPR, including public consultations in 2019 and 2021. Businesses have had a clear indication, and the scheme has already been delayed twice.

My officials run monthly packaging engagement forums, which regularly draw more than 1,000 attendees, to provide updates and test policy development with stakeholders. I have met British Glass several times to hear its concerns. I met Heineken last September. I met British Glass in October 2024, and then in January at a glass reuse roundtable hosted by the British Beer and Pub Association at the Budweiser Brewing Group. On 11 February, the Minister of State, Department for Energy Security and Net Zero, my hon. Friend the Member for Croydon West (Sarah Jones), joined me to discuss the glass sector. We have engaged on this issue.

The glass sector lobbied extensively to be excluded from the deposit return scheme. We respected that position, and kept that approach during the final passage of the DRS and pEPR legislation. Legislation on pEPR was supported on both sides of the House, but sadly the DRS was not. My officials have talked with businesses that make and use glass packaging, and we have listened to feedback to ensure that the fees are set fairly. I am very aware of the issues that the glass sector has raised about dual-use items—items that can be disposed of in either business or household waste streams. It has been difficult to find an answer that works for everyone, and because of the issues raised in the debate, I have asked my officials to consult with industry immediately to find the fairest solution.

There has been a lot of talk about small businesses. Many international pEPR schemes offer no exemption for small business. We responded to UK small business concerns by putting in place some of the most generous exemptions of any scheme globally. The exemptions mean that businesses with a turnover of below £2 million, or that place less than 50 tonnes of packaging on the market, are not obliged to pay fees. Those exemptions apply to approximately 70% of UK businesses supplying packaging in the UK. There are quarterly payment options to help with cash flow for larger businesses, and we will watch the de minimis thresholds carefully. If we raised the thresholds, that would put costs on to the remaining businesses, because local authority collection costs would remain the same.

The pEPR fees for glass are lower than those for aluminium and plastic. Because glass packaging is heavier, it costs more to handle per unit than some other materials. We have worked closely with industry and local authorities to make sure that the costs used to set producer fees accurately reflect the on-the-ground waste management operation costs that every taxpayer currently has to pay. Weight is a driving factor in waste management and it is the most common basis used to determine costs for public and private sector collection; that is why it is central to our approach. But the scheme relies on all producers paying their fair share. As my hon. Friend the Member for Ealing Southall said, there was a range, but there was unhappiness with that, so in December we introduced a set point of £240 per tonne. The fewer free riders there are in the system—

Helen Morgan >

Share

Will the hon. Member give way?

Mary Creagh >

Share

Let me finish my point; I have not made it yet.

The fewer that do not report and pay on their packaging, the lower the fees will be for everybody. That point was raised by my hon. Friend the Member for Rotherham in previous debates: some people do not report their packaging. I have instructed my officials to work with regulators. We have done a sprint on that and tracked down about 1,800 suspected free riders, with a little over 200 companies under review. I pay tribute to the Environment Agency officials up in Sheffield who have done that, and to agency officials and the Met police, who last week arrested two individuals in London for packaging export note fraud and suspected money laundering. We are going to keep this under review. This work is having a real impact. We will publish the year one base fees in June, and I am optimistic that the result will be an improved picture.

I am happy to give way if Members still have questions.

Helen Morgan >

Share

Businesses really need to know what that rate will be as soon as possible. The financial year has already started, they have very little headroom in their cash flows and they need to be able to plan. Will the Minister commit to give us that number as soon as possible?

Mary Creagh >

Share

That number will be published by the end of June and businesses are aware of that timescale.

Dr Gardner >

Share

There are wider issues with EPR, including for innovative companies supplying new types of packaging. Woolcool produces wool-based packaging that is compostable and biodegradable, but it is classed as worse than polystyrene because it is so innovative that it is unclassified. Will the Minister agree to look into that?

Mary Creagh >

Share

I will look into that. I know that wool is used in certain packaging situations. In a way, its usage is too small to register, but we will look at all these innovative ideas and how we keep things in circulation for as long as possible. My hon. Friend the Member for Burton and Uttoxeter (Jacob Collier) mentioned many pubs—did he mention Greene King?

Jacob Collier >

Share

indicated assent.

Mary Creagh >

Share

He did. Greene King, of Bury St Edmunds, has already started using reusable glass bottles in 65 pubs served by its Runcorn depot. It has collected over half a million bottles since January. I reassure hon. Members that I am alive to these issues and we hope to make further progress.

3.58pm

Sarah Champion >

Share

I decided not to intervene on the Minister because we have had this argument a lot and she still does not seem to be hearing a whole room of MPs bringing examples to her. She talked about all producers paying their fair share. I agree, and the glass sector agrees, but that is not happening because only glass is paying. The freeloaders the Minister talks about are currently plastic and aluminium. I am really supportive of all the other examples of packaging—absolutely, let us have all of them—but at the moment the Minister has a stark choice. She mentions the jobs that will be created; she does not mention those that will be lost. It is those jobs, and the likelihood of our losing the glass industry, that I urge her to focus on. She should pause the scheme, listen to and act on the

concerns, and bring the whole scheme into force in October 2027, when the other two key materials will be in place. That is the only fair, just and, dare I say it, Labour way of doing this. At the moment the good guys are being punished, and people in our constituencies are going to lose their jobs.

Question put and agreed to.

Resolved,

That this House has considered the impact of extended producer responsibility for packaging on glass packaging producers.

3.59pm

Sitting suspended.

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