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Councils to Receive £1.1 Billion Recycling Support from Packaging Charges

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Councils in England are set to receive a significant £1.1 billion funding boost to improve recycling services, financed through new fees imposed on businesses for the packaging they produce. The measure forms part of the government's broader push to build a more sustainable and efficient waste management system.

Under the new Extended Producer Responsibility (EPR) scheme, companies will begin paying fees from November based on how recyclable their packaging materials are. This shift transfers the cost burden of recycling from taxpayers to the producers themselves, especially those who use hard-to-recycle packaging such as plastic films or mixed materials. The Department for Environment, Food and Rural Affairs (DEFRA) expects to collect approximately £1.4 billion through the EPR initiative over the coming months. Regardless of the final total, £1.1 billion is guaranteed for English councils in the 2025/26 financial year, with additional funds allocated to devolved administrations.

The goal is twofold: to create financial incentives that encourage businesses to reduce packaging waste and to invest in more recyclable alternatives, while simultaneously enhancing local government recycling services. Councils will have flexibility in how they use the funding, with options including streamlined waste collection, upgraded recycling infrastructure, or expanded public education on proper waste disposal.

According to Environment Secretary Steve Reed, the funding must be channelled directly into improving packaging waste services. The scheme's administrator, PackUK, has also been granted oversight authority to ensure funds are used appropriately. Should a council divert money for unrelated uses, future funding may be reduced.

Industry and environmental leaders have welcomed the announcement. Jacob Hayler, Executive Director of the Environmental Services Association, said the policy will "unlock investment in next-generation recycling services and jobs." Jim Bligh of the Food and Drink Federation noted it is "a vital step towards delivering the improvements in the UK's recycling system that we all want and need."

The EPR framework is just one element in a broader strategy aimed at strengthening the circular economy, a model that promotes reusing, recycling, and reducing waste. Other related efforts include the long-anticipated Deposit Return Scheme, which will provide financial incentives to consumers who return used containers, and the Circular Economy Taskforce, which is collaborating with industry to develop roadmaps for more sustainable material use.

This new funding structure marks a decisive move toward accountability and efficiency in waste management. By ensuring that those who create packaging waste contribute to its disposal, the government aims to ease pressure on local budgets, boost recycling rates, and support job creation within the green economy, all without asking more from taxpayers.

