

Can UK MRFs Survive Packaging Reform?



CIWM

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Scope, methodology and limitations

This is an operator-led strategic discussion report. It combines: (i) an anonymised composition and throughput baseline from a representative UK commingled MRF; (ii) current UK policy and regulatory publications; (iii) selected international DRS evidence; and (iv) operational experience of sorting mixed dry recyclables.

The composition baseline is expressed as a percentage of total inbound mixed dry recycling before processing. The processing-waste figure is reported separately as an output/reject rate and is not an additional component of the 100% inbound composition. The facility’s optimum throughput of approximately 18 tonnes per hour is an operating benchmark, not a universal UK MRF standard.

The sensitivity scenarios in Section 4 are deliberately transparent and illustrative. They are not forecasts of national performance and do not estimate a definitive gate-fee increase. Actual outcomes will depend on each facility’s contract mix, eligible-container share, capture rates, commodity prices, collection configuration, technology and end markets. The scenarios are intended to show the order of magnitude that Government and industry should model.

Commodity prices used in the income-density example are round illustrative values, not current market quotations. They isolate the effect of value concentration and should be replaced with facility-specific annual averages when a commercial business case is prepared.

Glossary

Term	Meaning in this report
CPR	Collection Packaging Reforms: linked package of changes affecting collections, producer responsibility, deposits and downstream infrastructure.
DRS	Deposit Return Scheme for specified single-use drinks containers.
EPR / pEPR	Extended Producer Responsibility for packaging; producers fund specified waste-management costs, with fees increasingly linked to recyclability.
EfW	Energy from Waste: thermal treatment of residual waste with energy recovery.
ETS / UK ETS	UK Emissions Trading Scheme; intended to include waste incineration from 2028 following monitoring and policy development.
Income density	Commodity income generated per tonne processed. It can fall even if total throughput remains broadly stable.
Leakage material	DRS in-scope containers not returned through the deposit system and instead entering kerbside, commercial, litter or residual streams.
MRF	Materials Recovery Facility: infrastructure that mechanically and manually separates mixed recyclables into marketable material grades.
MRF Gap	A term introduced by this report for the unresolved evidence, reconciliation and compensation interface for DRS containers entering existing systems.
PET	Polyethylene terephthalate, commonly used for drinks bottles.
TEEP	Technically, Environmentally and Economically Practicable assessment; used here in relation to circumstances permitting co-collection of paper/card with other dry recyclables.
Throughput	Tonnes processed per operating hour.

Executive Summary

The United Kingdom is undertaking the most significant restructuring of its packaging and household recycling system in a generation. Extended Producer Responsibility (EPR), the Deposit Return Scheme (DRS), Simpler Recycling, the separate-paper-and-card collection default (TEEP) and the intended expansion of the UK Emissions Trading Scheme (ETS) to cover waste incineration do not operate independently. Together, they will change what enters a MRF, the value contained within each tonne, the cost of sorting it and the confidence with which operators can invest.

Individually, each reform has a coherent environmental rationale. Collectively, however, they create potentially conflicting operational pressures over a compressed implementation period. DRS is likely to remove high-value aluminium and PET from 2027, UK ETS may raise residual treatment costs from 2028 and mandatory collection of films and flexibles is now intended from 2030. Separate fibre arrangements may also divert material from commingled systems. MRFs therefore face a sequence of changes affecting material value, composition, throughput and operating cost.

The Revised Reform Timeline

A staged sequence of changes affecting UK MRFs

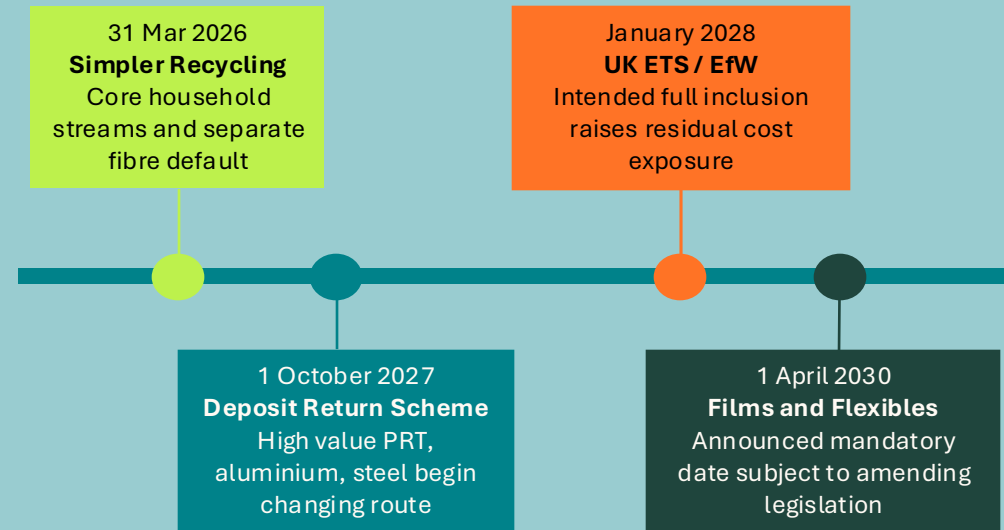


Figure 1. The revised reform sequence creates a three-year infrastructure-development window before mandatory films and flexibles collections.

Note: the 1 April 2030 films and flexibles date was announced in July 2026 and remains subject to amending legislation expected in autumn 2026.

2027 – 2030: THREE-YEAR INFRASTRUCTURE WINDOW

Use the delay to build sorting capacity, reprocessing markets and tested collection models.



Combined Impact of DRS, EPR, Simpler Recycling, Separate Fibre Collections and ETS

A strategic assessment of how collection and packaging reforms could reshape material flows, operating costs and investment a cross UK Materials Recovery Facilities.

Reform Pressure	Primary MRF Consequence
Deposit Return Scheme (DRS)	Removal of high-value aluminium, steel and PET beverage containers; unresolved leakage and reconciliation.
Extended Producer Responsibility (EPR)	Packaging redesign, lightweighting, material substitution and changing funding structures.
Simpler Recycling	A broader and potentially more operationally difficult material mix. Following the Government’s July 2026 announcement, mandatory collection of films and flexibles is now intended from 1 April 2030.
Separate fibre default	Potential diversion of paper and card from commingled MRFs, subject to permitted co-collection circumstances.
UK ETS expansion	Higher residual treatment costs and stronger pressure to recover fossil-derived plastics before intended full inclusion of EfW in 2028.

Policy position checked against UK Government publications current as of July 2026. See References [1]–[8].



The central question is therefore direct: can UK MRFs survive packaging reform?

Yes — but survival will require adaptation.

MRFs are unlikely to disappear, because the UK will continue to require infrastructure capable of sorting mixed household and commercial recyclables. However, survival should not be confused with remaining economically unchanged. Viability will increasingly depend on gate fees that reflect lower commodity income, contracts that allocate policy-driven composition risk, investment in flexible sorting systems, reliable end markets and a workable mechanism for DRS containers that continue to enter kerbside and commercial collections.

This report identifies five linked structural pressures:

- Declining income density as high-value beverage containers leave commingled streams.
- Greater reliance on fibre at the same time as separate collection policy is in some areas diverting fibre away from MRFs.
- Future operational friction from films, flexibles and more diverse packaging formats, now expected from 2030 rather than 2027.
- Increasing residual disposal exposure as EfW enters the UK ETS framework.
- An unresolved 'MRF Gap' for identifying, evidencing and compensating DRS material that remains outside the return system.

The illustrative example composition used in this report is dominated by glass and fibre. Fibre represents 47.4% of inbound material and glass 35.7%. Yet weight is not the same as value. Aluminium is only 1.7% of inbound tonnage but may contribute more income per tonne handled than many hundreds of tonnes of glass. This is the report's 'income density' problem: the facility can retain much of its physical tonnage while losing a disproportionate share of commodity income.

A transparent sensitivity test shows the possible scale. Depending on assumptions about DRS eligibility, capture and fibre diversion, the gross tonnage removed from the illustrative commingled stream could range from about 10% to 30%. These are not forecasts; they demonstrate why cumulative modelling is essential. The commercial impact may be greater than the tonnage change because DRS targets comparatively valuable materials. From 2030, films and flexibles may add low-density material that is more costly to sort unless the extended implementation period is used to develop appropriate collection systems, sorting capability and end markets.

The most significant unresolved issue is the absence of a fully operational and tested reconciliation framework between DRS and existing kerbside recycling systems. Government expects DRS to achieve returns above 90% by year three, which necessarily acknowledges that some containers will remain outside the return system.[2] Where those containers enter MRFs, operators and local authorities may continue to incur collection and sorting costs even though the material sits outside normal EPR arrangements. This report calls that unresolved interface the 'MRF Gap'.



The report therefore retains a clear recommendation:

DRS implementation should be postponed until inter-operability, leakage accounting and funding arrangements are resolved.

The purpose of this recommendation is not to oppose DRS.

It is to force a necessary debate about whether a major national system should go live before its interaction with existing collection and sorting infrastructure is operationally mature and therefore by definition is properly understood.

The issues identified in this report suggest the required level of understanding by those driving the policy has at the very least not been effectively demonstrated.

Key recommendations

- Postpone DRS implementation until interoperability issues are resolved.
- Commission a new cumulative Government impact assessment covering composition, income density, throughput, contamination, ETS exposure and investment viability.
- Recognise MRFs as critical national environmental infrastructure.
- Develop an integrated national recycling infrastructure strategy.
- Reassess the combined effect of separate fibre expectations and DRS on commingled MRF economics.
- Use the extended period to 2030 to implement a national strategy for films and flexibles, with measurable milestones for collection design, sorting capability, reprocessing capacity and end-market development.



1. The UK Reform Landscape





1.1 A structural redesign of material flows

The reforms should not be viewed as incremental adjustments. Collectively, they redesign material flows, operational responsibility, infrastructure economics and financial accountability. For MRFs they alter stream composition, contamination, throughput, commodity-value concentration and long-term investment assumptions.

The central concern is not that the reforms lack environmental purpose. It is that policies developed through different mechanisms converge on the same physical infrastructure. Their cumulative effect can therefore differ materially from the effect predicted for each reform in isolation.

1.2 Extended Producer Responsibility

Packaging EPR is intended to shift specified waste-management costs towards producers and encourage more recyclable packaging. PackUK's recyclability assessment methodology informs producer reporting and fee modulation.[6][7] Potential MRF consequences include lightweighting, fibre substitution, polymer changes and greater use of alternative or composite packaging formats.

More recyclable in principle does not always mean easier to identify and separate in a mixed stream. Lightweighting can reduce saleable yield without a proportional reduction in handling cost. Fibre substitution may increase moisture and food-contamination sensitivity. Composite fibre packaging can pass visually as paper while requiring different treatment.

1.3 Deposit Return Scheme

From 1 October 2027, the DRS regulations for England and Northern Ireland cover single-use PET plastic, aluminium drinks containers from 150 millilitres to 3 litres.[1] The joint policy position expects recycling rates for in-scope containers to exceed 90% by year three.[2]

For MRFs, the strategic importance is not simply the weight removed. Aluminium and PET can make a disproportionate contribution to commodity income. DRS therefore targets part of the stream with high income density.

1.4 The 'MRF Gap'

A return rate below 100% means some in-scope containers will continue to enter kerbside recycling, commercial collections, litter and residual waste. The unresolved question is how material outside the deposit return route will be identified, evidenced and reconciled, and how the parties that collect and sort it will recover their costs.

If a container is treated as DRS material for producer-responsibility purposes but is physically collected and sorted through the kerbside system, an interface is required between the two funding and evidence systems. At the time of writing, discussions with waste-management companies are continuing, but a fully operational, tested and transparent national mechanism has not been demonstrated publicly versus DRS which is scheduled to launch in less than 18 months' time. [1][3]

This report calls that unresolved interface the MRF Gap. It encompasses:

- identification of in-scope containers after compaction and commingling;
- evidence standards and mass-balance rules;
- ownership and allocation of material value;
- collection and sorting cost compensation;
- interaction with EPR payments and producer obligations; and
- audit, fraud prevention and dispute resolution.



1.5 Simpler Recycling and films

England's Simpler Recycling rules standardise the core recyclable streams. The principal household requirements took effect on 31 March 2026. Plastic-film packaging and plastic bags were originally due to become mandatory from 31 March 2027. However, in July 2026 Government announced its intention to defer mandatory collection from households and businesses until 1 April 2030, with amending legislation expected in autumn 2026. The change followed sustained concerns about collection costs, sorting and reprocessing readiness and the lack of sufficiently developed end markets.[12]

The original Government impact assessment estimated that approximately 6 kg of plastic film per household per year could be collected under the 2027 arrangements.[5] That estimate remains useful as an indication of potential material volume, but its timing and underlying assumptions should now be reviewed against the revised 2030 implementation date.

The postponement reduces the immediate operational pressure on MRFs and separates the introduction of films from DRS and the intended commencement of full UK ETS obligations. It does not remove the longer-term challenge. Films and flexibles can wrap around shafts, screens and conveyors; contaminate fibre; increase cleaning and manual intervention; and reduce effective throughput.

The changes arising from Simpler Recycling are likely to require modifications to the equipment, processes and operating practices of many MRFs. The extent of the adaptation required will depend on the facility's existing configuration, the materials collected and whether films and flexibles are presented separately in sacks or mixed within the dry recycling stream.

Figure 2 below maps three common MRF configurations against the adaptations potentially required and identifies UK facilities already operating, or trialling, comparable approaches. The examples demonstrate that there is no single route to readiness: solutions range from manual extraction of separately presented film sacks to sorting films through the main MRF process.

These examples demonstrate that adaptation is technically possible but also underline the need to use the period to 2030 as an infrastructure-development window, rather than simply a pause. The sector now has an opportunity to evaluate different configurations, share operational evidence and determine which approaches are technically, environmentally and commercially sustainable before films and flexibles become mandatory.

1.6 Separate paper and card collections

From 31st March 2026, English household collectors must by default collect paper and card separately from other dry recyclable materials. Co-collection is permitted in specified circumstances where separate collection is not technically or economically practicable or produces no significant environmental benefit (TEEP).[4]

The distinction matters. This is not an absolute ban on commingled fibre, but it creates a policy direction that may move substantial fibre tonnage away from some commingled MRFs. If DRS removes high-value containers while collection redesign removes bulk fibre, MRFs can lose value and volume simultaneously.

1.7 UK ETS expansion to waste

The UK ETS Authority intends to include waste incineration and EfW from 2028. A voluntary monitoring, reporting and verification period began in 2026 to support preparation and further policy development.[8][9] Full carbon-cost exposure would increase the cost associated with fossil-derived emissions in residual material.

For MRFs this strengthens the incentive to reduce rejects and recover plastics, but it may also create pressure to extract materials that are technically separable yet lack stable end markets. The policy therefore sharpens the distinction between technical recoverability, commercial recoverability and environmentally beneficial recycling.

The UK Government has indicated that it may seek closer alignment with the EU on emissions trading. The EU has recently set 2031 as the intended date for extending its ETS to include waste incineration, while the UK Government has yet to confirm whether it will reconsider its current 2028 implementation date. Aligning the two regimes would help ensure that UK energy-from-waste facilities are not placed at a competitive disadvantage compared with their European counterparts.

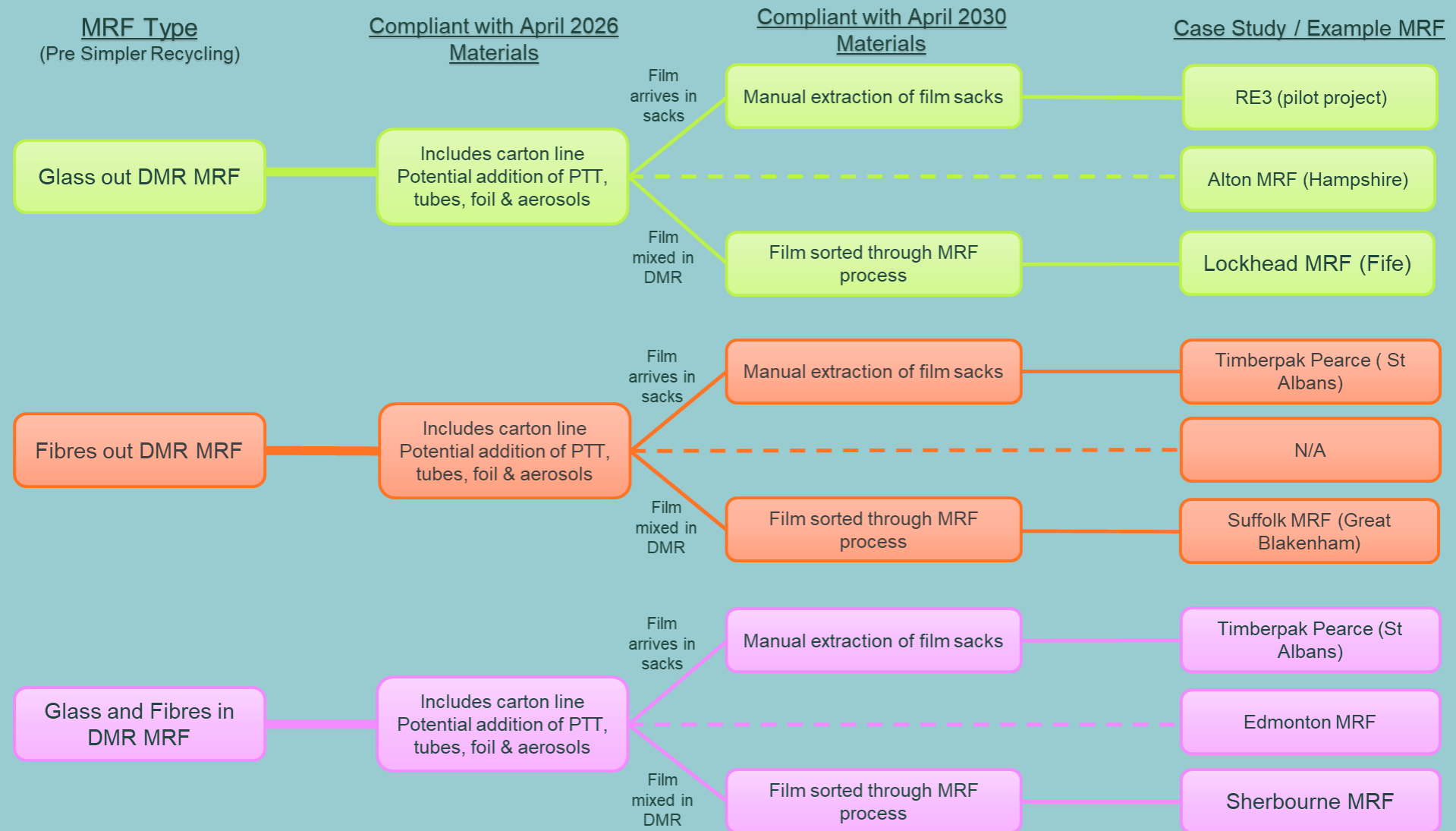


Figure 2 - Illustrative MRF adaptation routes under Simpler Recycling, with examples of UK facilities using or trialling different configurations.



2. Current MRF Baseline





2.1 Inbound composition

Material	Share of total inbound DMR (%)	Basis
Glass	35.7	Inbound composition
Cardboard	33.9	Inbound composition
Mixed paper	13.5	Inbound composition
Plastic bottles	10.6	Inbound composition; not all assumed DRS-eligible
Steel cans	3.1	Inbound composition; includes non-beverage containers
Aluminium	1.7	Inbound composition; includes non-beverage containers
Other plastics	1.5	Inbound composition
Total	100	Total inbound stream
Processing waste/rejects	9 (approx.)	Separate output measure as a share of inbound tonnage

Fibre, cardboard plus mixed paper, accounts for 47.4% of inbound tonnage. Fibre and glass together account for 83.1%. Physical weight is therefore concentrated in materials whose revenue performance can differ markedly from aluminium and PET.

2.2 Income density: why tonnes and value diverge

Income density means commodity income generated per tonne of material processed. It exposes a weakness in analyses that consider tonnage alone. A MRF can handle a similar number of tonnes after reform yet earn materially less if a small, valuable fraction is removed and replaced by a difficult, low-value fraction.

The following deliberately simple example uses 1,000 tonnes with the representative composition. It does not estimate the facility’s total basket value; it compares three materials using round assumptions.

Illustrative fraction	Tonnes (t) in 1,000	Illustrative sale value	Illustrative income
Glass	357	£0/t	£0
Pet/plastic bottle proxy	106	£200/t	£21,200
Aluminium	17	£1,000/t	£17,000

If 80% of the illustrative aluminium were DRS-eligible and the scheme captured 90% of it, only 12.2 tonnes would leave the 1,000-tonne stream. On the example price that removes approximately £12,200 of income before considering PET or steel. The tonnage loss is just 1.2% of the original stream; the income effect is disproportionate. This is the central income-density problem.



2.3 Operational sensitivity

The representative facility operates optimally at approximately 18 tonnes per hour. Performance depends on composition consistency, manageable contamination and stable outlets. Contamination above approximately 5% of inbound material has, in the operator's experience, a material effect on throughput, rejects, labour intensity and output quality. This is an operational threshold for the representative facility, not a proposed national standard.

Fibre is particularly sensitive to film, food residue, glass and moisture. If DRS removes higher-value containers from 2027, fibre will become more commercially important. Film exposure may then rise from 2030. Unless the transition period is used effectively, the stream could consequently become less valuable before later becoming more operationally difficult to process.



3. International Evidence



3.1 DRS changes where valuable containers flow

International systems demonstrate that DRS can deliver high container returns and cleaner closed-loop material. Norway reported return rates above 92% for cans and plastic bottles in 2023.[10] European evidence more broadly shows that high-performing deposit systems redirect beverage containers into dedicated collection routes.[11]

That is an environmental strength of DRS, but it also confirms the MRF consequence: high-value beverage containers are removed from commingled material. The UK should plan for the resulting transfer of value, not treat it as an incidental effect.

3.2 EPR can redesign packaging without simplifying MRF sorting

EPR fee modulation is intended to reward recyclability.[6][7] However, upstream recyclability assessments and downstream sortability are not identical. A package can meet design criteria yet behave unpredictably in a mixed stream because of its size, shape, colour, moisture response or composite structure.

3.3 The strategic lesson

International evidence does not show that reform eliminates complexity. It redistributes value, operational burden, contamination risk and accountability. Successful reform therefore depends on integrated system design, investment and transparent allocation of costs as well as consumer participation.





4. Scale and Magnitude of the MRF Exposure





4.1 Illustrative cumulative tonnage sensitivity

The table below responds directly to the question of magnitude. It starts with the representative composition. ‘Container eligibility’ is the assumed share of the combined plastic-bottle, and aluminium fractions that is actually in DRS scope. ‘DRS capture’ is the share of that eligible material returned through DRS. ‘Fibre diversion’ is the share of cardboard and mixed paper moving to a separate route. The effects are added without assuming replacement tonnage.

The scenarios show why a cumulative assessment matters. Under the central sensitivity, almost one fifth of the original commingled tonnage changes route before any allowance for future film material. Yet the economic effect cannot be read from tonnage alone: DRS removes high-value fractions from 2027, whereas films may add low-density volume, handling time and contamination risk from 2030.

Scenario	DRS eligibility/capture (%)	Fibre diverted (%)	DRS-related loss	Fibre loss	Gross stream reduction (%)
Limited	50 – 70	10	5.4 % points	4.7 points	10.1
Central sensitivity	65 – 80	25	8.0 % points	11.9 points	19.9
High	80 - 90	40	11.1 % points	19.0 points	30.1

Sensitivity calculation: container fractions total 15.4% of inbound material; fibre totals 47.4%. Figures are gross, rounded and illustrative, not forecasts. They do not include the additional tonnage or operational effect of films and flexibles following their intended mandatory introduction from April 2030, or participation changes and growth.

4.2 Throughput and unit-cost sensitivity

Fixed and semi-fixed costs do not fall in direct proportion to tonnes. Labour, maintenance, compliance, fire protection, weighbridge systems and capital finance remain. If effective throughput falls, processing cost per tonne rises even if annual operating hours increase.

A relatively modest reduction from 18 to 16 tonnes per hour requires 12.5% more processing time for the same tonnage. At 15 tonnes per hour, the requirement is 20% higher. This provides a practical way for operators and policymakers to convert sorting trials into cost estimates.

Effective throughput (t/h)	Relative processing hours for the same tonnage	Increase in hours verses 18 t/h (%)
18 (baseline)	100	
16	112.5	12.5
15	120	20
14	128.6	28.6

Mechanical sensitivity only: required hours are inversely proportional to throughput. This does not assert that films will produce a particular throughput reduction; it shows how trials undertaken during the extended transition can be converted into processing-hour and cost estimates before 2030.



4.3 Loss of High-Value Materials: Income and Contractual Exposure

The diversion of high-value PET and aluminium into DRS will materially alter the economics of kerbside recycling and MRF operations. Although these materials represent only around 12% of a typical tonne of DMR by weight, they can contribute approximately 39% of the income generated from material sales.

If 80% of these materials were diverted through DRS, the volume of DMR reaching MRFs could reduce by almost 10%, while associated material-sales income could fall by more than 30%. This creates a double financial impact: operators receive fewer tonnes over which to recover their largely fixed costs, while each remaining tonne has a lower average commodity value.

Material income currently provides an important offset against the cost of receiving, sorting and marketing household recycling. On the representative composition model considered for this report, the current income balance is approximately 54% gate-fee income and 46% material-sales income. Following substantial diversion of PET and aluminium, this could shift to approximately 60% gate-fee income and 40% material income, before accounting fully for the effects of reduced throughput.

In theory, the additional net cost could be recovered through higher gate fees. In practice, however, many local authority DMR contracts are long-term arrangements in which gate fees are subject only to specified indexation. These mechanisms generally reflect movements in established inflationary measures and are unlikely to compensate operators for a structural loss of input tonnage and commodity value caused by a new policy intervention.

Consequently, operators may be unable to pass through the additional net cost during the remaining contract term. Unless contracts contain an applicable change-in-law, material-composition or extraordinary-review provision, the immediate financial impact is likely to remain with the MRF operator. This could materially weaken contract viability, reduce the ability to invest in plant and resilience, and create pressure to reconsider service arrangements where the original commercial assumptions have been fundamentally altered.

The longer-term consequences would then emerge through future procurements, contract extensions and renegotiations. Bidders would be expected to price in a lower-value material mix, reduced throughput and greater policy risk. This is likely to result in higher gate fees, tighter contractual protections, increased use of risk-sharing mechanisms and potentially reduced competition if operators are unwilling or unable to accept unmanageable exposure.

The longer-term consequences would then emerge through future procurements, contract extensions and renegotiations. Bidders would be expected to price in a lower-value material mix, reduced throughput and greater policy risk. This is likely to result in higher gate fees, tighter contractual protections, increased use of risk-sharing mechanisms and potentially reduced competition if operators are unwilling or unable to accept unmanageable exposure.

This is therefore not simply a question of future gate-fee inflation. It creates an immediate risk that existing local authority contracts become commercially unbalanced, with MRF operators carrying costs arising from a policy change that was not anticipated when those contracts were priced. Without an effective compensation or contractual adjustment mechanism, DRS risks destabilising existing recycling contracts in the short term and increasing costs to local authorities—and ultimately residents—over the longer term.

4.4 What a proper impact assessment must calculate

- Baseline mass balance by material, packaging status and collection source.
- DRS eligibility within existing PET, aluminium and steel outputs;
- Capture and leakage under multiple participation scenarios.
- Commodity income lost, retained or transferred, using annual-average prices and downside cases.
- Changes in throughput, labour, downtime, cleaning, fire risk, output quality and reject rates established through representative film trials before 2030.
- Fibre diversion and its effect on asset utilisation and contract tonnage.
- UK ETS exposure on residual outputs, including contractual pass-through arrangements.
- Capital expenditure, financing requirements and the gate-fee adjustment needed to preserve an investable return.
- A published national films-and-flexibles readiness assessment no later than 2028, allowing sufficient time to address identified capacity or market gaps before mandatory collection begins.



5. Can UK MRFs Survive?





Yes; but only if the commercial and policy framework adapts as materially as the waste stream.

The likely outcome is not sudden national collapse. It is a gradual squeeze on income density, throughput, asset utilisation and investment confidence. Facilities with flexible equipment, strong contracts and access to capital will adapt more readily.

Facilities exposed to short contracts, fixed gate fees, weak end markets or policy-driven tonnage loss will face greater risk.

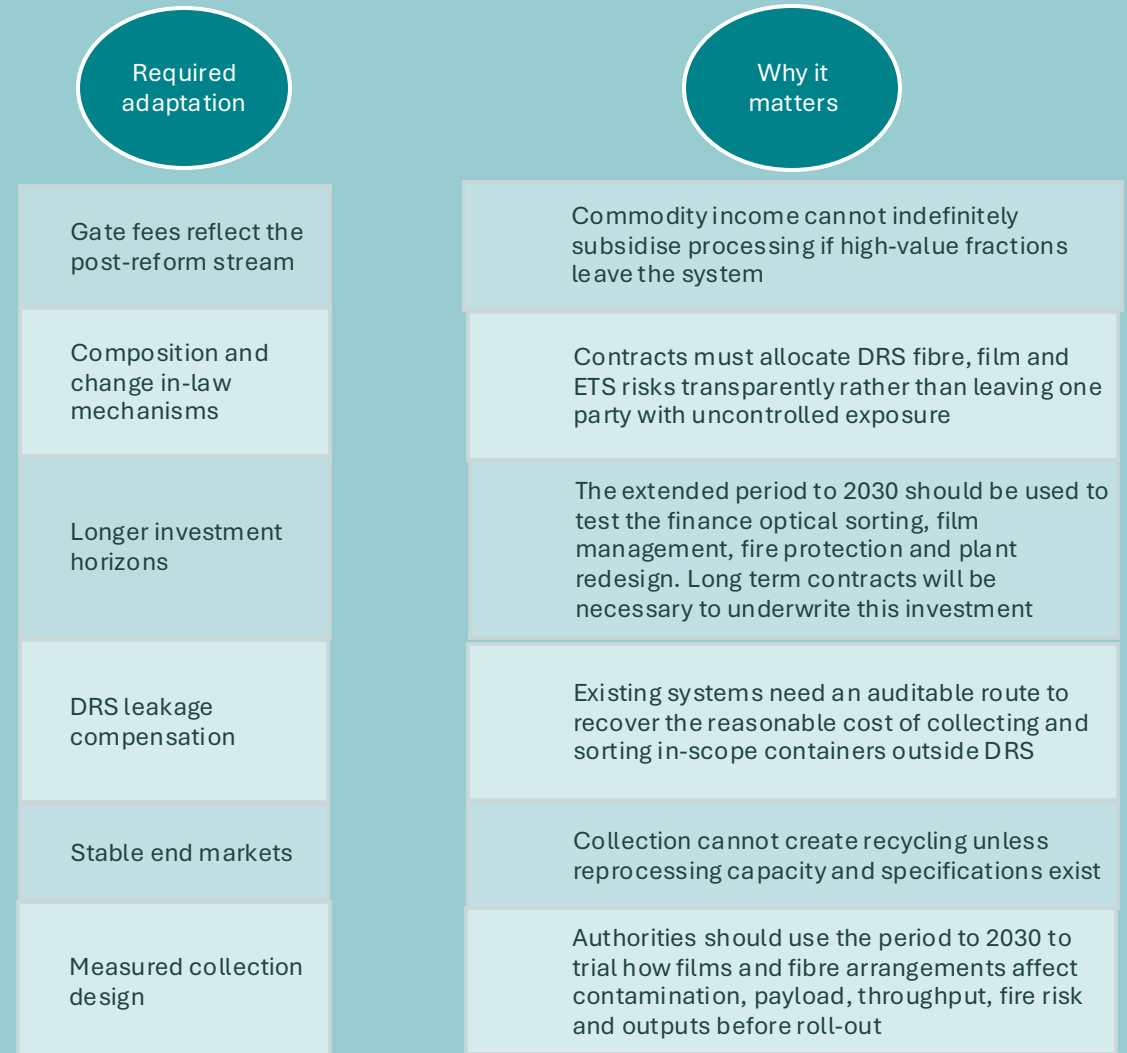
The decision to postpone mandatory film collections reduces one immediate pressure and provides valuable additional preparation time. However, it does not resolve the underlying infrastructure question. MRF viability will still be affected by DRS and ETS before the films requirement takes effect, while the eventual success of film collection will depend on whether the period to 2030 results in viable sorting and reprocessing arrangements.

5.1 Conditions for viable adaptation

The conditions for viable adaptation are shown in the diagram on the right.

5.2 MRFs as critical environmental infrastructure

MRFs are not passive recipients of policy. They are physical infrastructure through which collection policy, producer funding and commodity markets must connect. The risk is therefore wider than operator profitability: weakened investment can reduce national sorting capacity, resilience and the ability to recover future material streams.



6. Policy and Infrastructure Considerations



6.1 Integrated modelling

Government should model DRS, EPR, Simpler Recycling, paper-and-card arrangements, films and UK ETS as one material and financial system. The reforms will now take effect in stages rather than simultaneously, but earlier reforms will alter the commercial baseline against which later film collections must operate. Separate impact assessments cannot reveal cumulative effects on a shared MRF asset.

6.2 Contract design and risk allocation

Commodity-linked gate fees, open-book pricing and composition-adjustment clauses can buffer short-term changes. New and renewed contracts should also address change in law, minimum tonnage, DRS material ownership, EPR interaction, film-processing assumptions, reject cost and ETS pass-through. Film provisions should distinguish voluntary or early collections before 2030 from the intended mandatory requirement, allocate capital-investment responsibility, define quality and contamination standards and address end-market failure or further timetable changes. Risk should sit with the party best able to control or price it.

Long-term infrastructure cannot be underwritten reliably by short-term contracts that transfer uncontrolled policy risk to operators. Procurement design is therefore part of infrastructure policy.

6.3 Operational readiness

Readiness should be demonstrated, not assumed. Before major implementation milestones, Government and delivery bodies should publish testable arrangements for data, evidence, payments, audits and disputes. MRF trials should measure physical performance with the future material mix rather than rely exclusively on desktop modelling.





7. Strategic Conclusions





7.1 Conclusions

The reforms will alter the economic structure of commingled recycling systems. DRS targets high-value aluminium, steel and PET beverage containers. Mandatory collection of films and flexibles, originally required from March 2027, is now intended from 1 April 2030. This postponement reduces the immediate concentration of reform pressures but does not remove the longer-term operational challenge. Separate fibre expectations may reduce bulk MRF tonnage, while UK ETS is intended to increase the cost signal associated with fossil carbon in EfW from 2028. MRFs may therefore experience declining income density and rising residual-cost pressure from 2027–28, followed by additional sorting complexity from 2030.

The MRF Gap is the most immediate unresolved system-integrity issue: containers can remain physically within kerbside and commercial systems even when their policy and funding identity sits within DRS. Unless the interface is operationally resolved, existing systems risk retaining costs while value and funding move elsewhere.



Strategic Recommendations





Recommendation 1 – Postpone DRS Implementation Until Interoperability Issues Are Resolved

The current DRS framework contains significant unresolved operational and financial gaps.

Implementation should therefore be postponed until:

- a credible reconciliation framework exists;
- leakage material accounting mechanisms are operationally mature; and
- funding arrangements between DRS, EPR and kerbside systems are fully integrated.

Government’s decision to postpone mandatory film and flexible-plastic collections demonstrates that implementation timetables can and should be adjusted where collection, sorting, reprocessing or end-market arrangements are not operationally mature. The same readiness principle should be applied to DRS. A fixed implementation date should not take precedence over a credible and tested reconciliation framework between DRS, EPR and existing kerbside systems.

Recommendation 2 – Commission a New Integrated Government Impact Assessment

Government should undertake a comprehensive cumulative impact assessment covering MRF composition, income density, contamination, throughput, residual costs, fibre dependency, contract risk and long-term infrastructure economics. It should publish assumptions and test limited, central and high-impact scenarios.

Recommendation 3 – Recognise MRFs as Critical National Infrastructure

MRFs should be formally recognised as critical environmental infrastructure. Policy design should explicitly consider capacity, resilience, investment confidence, throughput and long-term operational sustainability.

Recommendation 4 – Reassess Separate Fibre and Commingled MRF Economics

Government should explicitly model how separate paper-and-card expectations interact with DRS-driven value removal and whether the combined effect undermines asset utilisation and commingled MRF viability.

Recommendation 5 – Use the Period to 2030 to Deliver a National Strategy for Films and Flexibles

Government’s decision to postpone mandatory collection until 1 April 2030 is a pragmatic response to legitimate concerns about system readiness. The additional period must now be used to develop sufficient domestic sorting and reprocessing capacity; stable and transparent end markets; agreed quality and contamination specifications; tested household and business collection models; appropriate funding for local authorities and MRF investment; clear arrangements for material that cannot be economically recycled; and national readiness milestones reported publicly. Government should complete a formal readiness assessment by 2028. The 2030 obligation should not be allowed to approach with the same infrastructure and end-market uncertainties that led to postponement of the original deadline.

Recommendation 6 – Develop an Integrated National Infrastructure Strategy

Government should connect collection systems, MRF capacity, plastics reprocessing, fibre markets, contamination management, residual treatment and long-term material-flow modelling within one integrated single system as part of a new national strategy.

Final Reflection

The issue is not whether reform should happen. It is whether reform is being implemented in a coherent, sequenced and operationally mature manner. Without greater integration, policy may weaken the infrastructure on which its own environmental objectives depend.

Environmental ambition alone is not enough. Policy must also be operationally coherent.



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Data note

The representative MRF composition, reject threshold and optimum throughput are anonymised operator data supplied for this report. They illustrate the interaction between reforms and a functioning commingled facility; they should not be treated as a national average. All policy descriptions and dates should be rechecked immediately before publication because implementation guidance may continue to evolve. The announced 1 April 2030 films-and-flexibles date should be checked against the amending legislation expected in autumn 2026 before final publication.



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