

What are the intended policy outcomes?

- The four nations have outlined the intended policy outcomes in a joint policy statement published February 2025
- The policy statement outlines how it expects PackUK to deliver the intended environmental outcomes through the implementation of the scheme – these are:
 - the prevention of packaging becoming waste;
 - an increase in the reuse of packaging, and the quality and quantity of packaging waste materials recycled; and
 - a reduction in the disposal of packaging waste;

What are the intended policy outcomes?

- *“Payments should enable local authority services to deliver against the objectives set out in this statement whilst accounting for the relevant domestic policies in each nation.*
- *In making an assessment of efficient disposal costs, the Scheme Administrator will consider the disposal costs which a local authority would incur if it were providing an efficient waste management service, which is a service where costs are as low as reasonably possible, taking into account any other factors specific to that authority, while supporting the requisite scheme outcomes.”*

Issues with the LAPCAP model

The LAPCAP model pays some Welsh LAs more than the best estimate of cost when compared to the best available data (WGLA data). However, this variance is one that disincentivises LA improvement against the intended outcomes. This is particularly impactful in Wales because it does not account for the long-standing Welsh statutory framework. This leads to an allocation of funding that risks rewarding inefficiency and inhibiting improvement against the intended outcomes. This is further complicated by the complexity of the LAPCAP model, which poses an issue for LAs in understanding how their payments will change if they take actions to improve service, causing uncertainty and inhibiting LA improvement planning.

[Information redacted – Regulation 12(5)(b) legal professional privilege]. For more information see the redaction guidance at Annex 1.

Welsh Government proposal

The Welsh Government proposal is that PackUK takes a supplementary calculation which improves the adjustments undertaken through the LAPCAP model. This supplementary calculation aligns the payment distribution more closely to cost by using the best estimates of cost (WLGA) to underpin the allocation of funding. A small proportion of funding is then reallocated to account for the costs incurred by Welsh LAs in taking steps to meet the regulatory requirements to which they are subject (statutory recycling targets).

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