



NICER PROGRAMME & INNOVATE UK CIRCULAR ECONOMY FOR SMEs

QSA Partners



Extended Producer Responsibility (EPR) sandbox for the UK fashion industry

The Challenge: What we were trying to achieve

The fashion and textile industry is a significant player in both economic and environmental landscapes. The industry contributes approximately £62 billion to the UK economy, highlighting its importance in terms of employment, revenue, and cultural impact. However, the environmental cost of the industry is substantial as well. The NGO WRAP, estimated in 2019, that 336k tonnes of clothing is sent to UK landfills annually. These figures underline the urgent need for sustainable practices and innovations within the industry. However, the current fashion and textiles waste management system is global and intricate, making it unrealistic for producers to manage their products' end-of-life treatment directly.

This sandbox project addresses this challenge by exploring the implementation of variable Extended Producer Responsibility (EPR) fees which would channel funds to local operators who can process textile products responsibly, reducing environmental harm. The project sought to find out whether circular design principles could be incentivised through the development of an intelligent, eco-modulated variable EPR fee for clothing products in the UK market.

The Barriers: What are the common barriers and how can these be overcome

One of the key barriers to change is that current market conditions and regulations drive large-scale linear practices, even in markets where EPR has been implemented. This is because variable fees have been challenging to develop – and this makes it a difficult sector for innovative businesses driving circular practices to break into.

A more specific problem arises from the diversity of datasets from organisations (ranging from small to large brands), raising a question over whether these could be compared accurately to develop a fair and balanced approach to fee modulation.

The Approach: How we tackled the challenge

Our strategy was to be transparent and engage fully with a broad group of interested companies and their representative trade organisations. This ambitious initiative received backing from UKRI, and included a Steering Committee chaired by the UK Fashion and Textile Association (UKFT) with members from the British Fashion Council, the British Retail Consortium, global luxury brand Burberry, Marks & Spencer, New Look, John Smedley, a global sportswear brand and a leading online resale platform.

We analysed extensive producer data from over 500,000 garment types, spanning hundreds of millions of items. The project achieved accurate results for over 85% of the data, ensuring robust insights even for incomplete data sets.

Unexpected outcomes: What we learned along the way

As a proof-of-value project we were unsure whether data from such diverse sources could be compared directly. We found in the majority of cases that this is possible but we also identified gaps where future work would help improve the method.

Key Learning: What we would do differently next time

Two key learnings arose out of this project:

- Be focused in your intervention: we tackled a very specific policy objective with clear commercial implications for businesses.
- Most challenges were related to data quality and consistency but through good application of technical knowledge we were able to achieve clear impactful results.

“It is the one issue around sustainability that everyone in the supply chain agrees on – legislation is needed to drive progress.”

Adam Mansell, Chief Executive Officer at UK Fashion and Textile Association

The Outcome: What we achieved and how it has impacted the business, society and key stakeholders

Our work on this project resulted in a white paper (available to download [here](#)) which lays out a clear call to government, backed by research and developed in partnership with industry. The paper outlines four key findings:

1. **Data Integration:** Developed new methods to rapidly connect large volumes of product, sales, and weight data, allowing for accurate analysis.
2. **Variable Fee Models:** Tested different fee structures, including per-item, per kilogram, and fees based on circular attributes, encouraging sustainable design.
3. **Circularity Incentives:** Proposing a central fund to promote repair, reuse, and recycling, could offer financial benefits to producers engaging in these activities.
4. **Market Impact:** Scaling variable fees across the UK could generate substantial funding for circular activities and reduce costs for producers who adopt sustainable practices.

Our collaborative work with industry highlighted that major fashion industry organisations are convinced that fair and intelligent variable EPR fees are possible and the right course of action. There is strong industry support for an intelligent regulatory landscape which levels the playing field and incentivises circularity.

Our project has secured national and international interest. It was highly commended at the Retail Innovation Technology Hub Awards and shortlisted in the Technology Innovator of the Year category at the annual Drapers Awards

Looking forward: Next steps and future directions

We now plan to apply for SMART funding to deliver phase 2 of the development work. This will look to standardise and “productise” the process so that it can be rapidly applied to all brands in the clothing market and require less tailored adaptation of datasets. Our aim is to access enough data that we can offer a “whole market” version of variable fee scoring to government to inform its policy decisions.

We have also launched a new business – called WEFT – to commercialise the sandbox activity and help more brands understand how variable EPR fees can work for them.

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