



Department
for Environment
Food & Rural Affairs

Consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland

Summary of responses

July 2019



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Introduction

The UK government and devolved administrations have 'high ambitions for the resources and waste sector'. The UK government has committed to reform producer responsibility systems (including packaging waste regulations) in a bid to incentivise producers to take more responsibility for the environmental impacts of their product manufacture. The Welsh devolved administration and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland have mirrored commitments to reduce recycling and, along with the UK government, have explored the feasibility of introducing a Deposit Return Scheme (DRS).

These cross-governmental commitments are partly in response to calls to tackle packaging waste, which includes an estimated 14 billion plastic drinks bottles, 9 million drinks cans and 5 billion bottles each year¹. Disposable drinks containers, and their constituent parts, are among the most commonly found items on UK beaches. When this is combined with increased awareness of the amount of plastic waste in our oceans, the importance of behavioural change among producers, retailers and consumers, becomes starkly apparent.

On 18 February 2019, the Department for Environment, Food and Rural Affairs (Defra) published a consultation proposing the implementation of a DRS in England, in conjunction with the devolved administration in Wales and DAERA in Northern Ireland. DRS has proven very successful at promoting and incentivising recycling in other countries, particularly in Scandinavia and Germany.

If introduced, Defra *'anticipate that a DRS will help reduce the amount of littering in England, Wales and Northern Ireland, boost recycling levels for relevant material, offer the enhanced possibility to collect high quality materials in greater quantities and promote recycling through clear labelling and consumer messaging'*².

Consultation purpose

The purpose of the consultation, which was open for 12 weeks between 18 February and 13 May 2019, was to help the UK and Welsh Governments and the Department of Environment, Agriculture and Food in Northern Ireland (DAERA) to consider the merits and socio-economic and environmental benefits of introducing a DRS. The aim of the UK and Welsh Government and DAERA is to ensure that, should a DRS be introduced, it will be easy for consumers to return drinks containers, leading to increased recycling rates and a reduction in littering.

The consultation asked questions on the following key themes:

¹ [Voluntary and Economic Incentives Working Group report 2018.](#)

² <https://www.gov.uk/government/consultations/introducing-a-deposit-return-scheme-drs-for-drinks-containers-bottles-and-cans>

- basic principles for a DRS
- scope of DRS, including options for the scheme delivery model, and the materials and drinks that the scheme will cover
- operational management of the scheme, and the proposed establishment of a Deposit Management Organisation (DMO)
- finance and administration of the scheme, including a focus on set-up, operational costs and deposit level
- monitoring and regulation, including compliance and enforcement, tackling fraud and misuse of the scheme
- proposed scheme objectives, outcomes and impacts

Overview of responses received

The consultation on proposals to establish a DRS in England, Wales and Northern Ireland was open to responses for 12 weeks from 18 February 2019. Participants were given the following options for completing and returning their response:

- citizen Space: is an online portal and represented the main mechanism for uploading responses and supporting evidence
- email responses: participants could email their responses to a central consultation email address
- campaign responses: Greenpeace, Marine Conservation Society (MCS) and 38 Degrees sent us 207,089 campaign email responses

Profile of respondents

A total of 1,180 responses (excluding campaign responses) were received. Table 1 below, provides a profile of respondents by organisation type, and details the number of responses for each.

Table 1: Profile of respondents

Profile of respondent	Number of responses
Citizen Space responses	793
Individuals	467
Local Authorities	122
Community Groups	29
Manufacturer	25
Business representative organisation/Trade Association	23
Charity	19
Retailer	16
Waste Management Company	13
Academic	11
Independent Consultancy	10
Social Enterprise	4

Reprocessor	3
Distributor	1
Product designer	1
Other	49
Email responses	387
Campaign responses	207,089
Greenpeace	121,345
Marine Conservation Society (MCS)	25,045
38 Degrees	1 (organisational level response representing 60,699 signatures)
Total	208,269

Source: Defra databases – Citizen Space, response emails and campaign emails

Please note, the campaign responses did not cover each question in the consultation, but targeted specific ones on scope. Where ‘individuals’ are mentioned in the text below, they refer to respondents who replied directly to the consultation. Where proposals are supported by campaign responses this is indicated in the text.

Figures illustrating the breakdown of respondents under each theme are based on the numbers of respondents for each question, which differ between questions.

Thematic analysis of consultation responses

Most consultations are analysed sequentially question by question. However, both the structure and length of the DRS consultation lend themselves to a thematic analysis of findings. The main advantage of thematic analysis is how easy it is to identify trends, similarities and variances by different respondent characteristics (such as organisation type and location). The DRS consultation identified the following themes:

- basic principles for a DRS
- scope of DRS, including the materials and drinks that the scheme will cover
- scheme design, including options for the scheme delivery model
- operational management of the scheme, and the proposed establishment of a Deposit Management Organisation (DMO)
- finance and administration of the scheme, including a focus on set-up, operational costs and deposit level
- monitoring and regulation, including compliance and enforcement, tackling fraud and misuse of the scheme
- proposed scheme objectives, outcomes and impacts

What follows is an analysis of respondents’ perceptions, views and preferences under each.

DRS principles

The consultation proposed that a DRS, if implemented, could operate under the UK government and the devolved administrations of Wales and Northern Ireland. Environment ministers in England and Wales, and the Permanent Secretary of DAERA, along with Scottish Ministers, agreed eight principles for cooperation and to help with implementation, coordination and monitoring of the scheme.

These eight principles detailed in the consultation document³ focus attention on changing the behaviours of producers and consumers by implementing a scheme that incentivises recycling and the reduction of single use plastics and other 'virgin' materials. Delivering a step change in consumer behaviour will be predicated on implementing a convenient system; a system that is easy to use and that clearly defines the materials and container types covered in the scheme.

Consultation respondents were first asked for their views on the principles of DRS. The large majority (84%) of respondents agreed with the principles and cited several reasons why implementing the scheme would have a positive impact (figure 1).

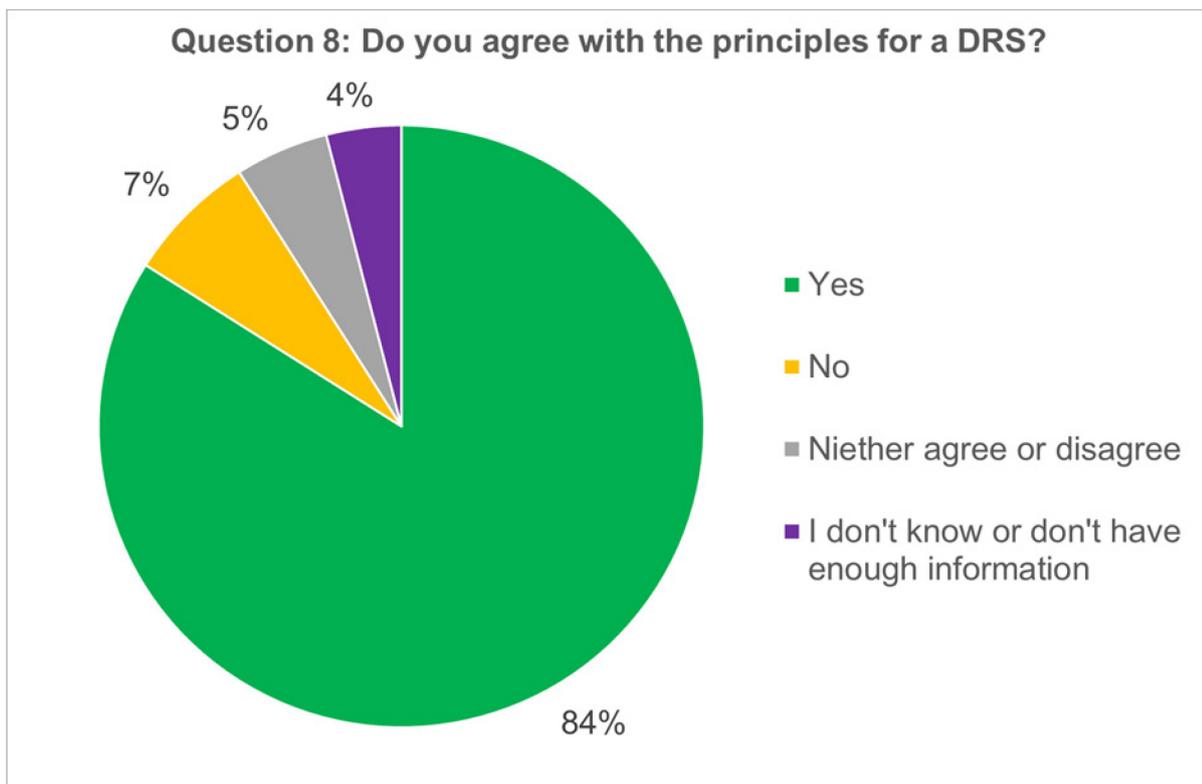


Figure 1: Do you agree with the principles of a DRS?

³ <https://www.gov.uk/government/consultations/introducing-a-deposit-return-scheme-drs-for-drinks-containers-bottles-and-cans>

Most commonly, respondents felt that a DRS would incentivise consumers to recycle containers, leading to higher overall recycling rates and an associated reduction in littering and waste production.

It was also highlighted that other European countries, particularly Germany and the Scandinavian nations have been successfully operating similar schemes for many years. Such schemes have positively changed consumer behaviour around recycling and have also contributed significantly to regional and national economies.

In reviewing responses by organisation type, two thirds of local authorities⁴ agreed with the principles, however, 17% stated they did not know or did not have enough information, and 11% did not agree or disagree. Only 5% of local authorities disagreed with the principles, questioning whether there was a need for a DRS scheme given existing council collection services. Responses from individuals were in line with the survey average, with 92% agreeing.

As one respondent stated:

'We need to reduce and reuse the plastic we use to stop it ending up in landfill. In other countries who have a similar scheme, it works very efficiently and there is no reason we cannot have a similar system here. I believe if we had a scheme like this it would stimulate more people to recycle their bottles'. (Individual)

Although the large majority of respondents agreed with the principles of DRS, there were some who felt that such a scheme was unnecessary. For example, a small number of local authority representatives considered that the DRS scheme, as currently proposed, would have a potentially detrimental impact on existing local authority kerbside collection schemes. Their views were that household waste collections are already recycling much of the material covered by the DRS, are convenient for consumers who do most of their recycling at home and represent an important income stream for councils. A key principle of the scheme is that it should be clear and understandable for consumers. Some respondents felt that introducing a DRS, which could include certain materials and containers while excluding others, could lead to consumer confusion and have the perverse impact of dis-incentivising recycling through unnecessary complications.

'I do not agree with the premise of a DRS, specifically because of the excessively wide scope of materials included, the fact that these materials will often be recycled anyway in household recycling schemes, and the loss of revenue to local authorities, especially by depriving them of more lucrative items such as metal cans'. (Local Authority).

⁴ Local authorities in this document includes district councils in Northern Ireland

In addition to the eight principles detailed in the consultation document, respondents also provided suggestions for other principles. These included:

- the Deposit Management Organisation (DMO) should operate independently from central government and on a not-for-profit basis:

'The organisation running the DRS (the DMO), should be owned and operated on a not-for-profit basis by obliged industry and retail. We would stress that this detail should be included in the core principles for DRS as we believe it is an important way for the system to maintain a focus on cost effectiveness and efficiency'. (Manufacturer)

- the DRS should include the principle of full net cost recovery, meaning that producers cover the net cost (taking account of revenue from the sale of materials) of managing their products at end-of-life:

'Yes, but the principle of 'full net cost recovery' (FNCR) should also be a key principle so that producers always have the full financial incentive to minimise the impacts of their products post-use' (Manufacturer)

- the DRS should work effectively alongside existing local authority kerbside collections and the extended producer responsibility regime:

'All eight principles are important, especially the second principle. It is extremely important that if a well-designed DRS system is implemented, it is part of a coherent system alongside producer responsibility obligations and kerbside collections. (Individual)

'A DRS should be part of an integrated system of resource and waste management that does not compete with existing recycling services which have proven to be highly successful in delivering significant increases in recycling'. (Local Authority)

A small number of respondents in Northern Ireland raised concerns about the unique geography of Northern Ireland, and the fact that many organisations operate integrated supply chains across the island of Ireland, with production on both sides of the border for island of Ireland consumption. The level of cross border trade has raised concerns that the introduction of a DRS in Northern Ireland would create significant logistical, administrative and practical challenges for supply chains in terms of labelling, collection and sorting practices and could also lead to deposit fraud.

Scope of the DRS

A DRS could promote a step change in the behaviours of both producers and consumers and contribute to higher recycling rates for in-scope materials. The consultation proposed that the materials included in the DRS could be: polyethylene terephthalate (PET) and High-Density polyethylene (HDPE) plastic bottles, steel and aluminium cans, glass bottles.

Defra are also considering two further options for a DRS relating to size of containers, an 'all-in' DRS including containers of any size and an 'on the go' DRS that would include containers smaller than 750mls and drinks sold in single format containers. An 'on the go' DRS would target drinks beverages most often sold for consumption outside of the home.

Materials in scope

PET, HDPE and glass bottles, aluminium and steel cans

The consultation document proposed that the materials included in a DRS could polyethylene terephthalate (PET) and high density polyethylene (HDPE) plastic bottles, steel and aluminium cans and glass bottles.

As demonstrated in Table 2 below, the large majority of respondents consider that PET bottles (94%), HDPE containers (84%) and aluminium (94%) and steel cans (90%), and glass (86%) should be included in the DRS. Although there were no significant organisational differences for PET, steel and aluminium cans or glass, a lower proportion of local authorities thought that HDPE bottles (75%) should be included, with 18% stating they should not be.

Table 2: Materials to be included in a DRS

Material	Yes, included	No	Neither agree nor disagree	Don't know/not enough info
PET bottles	94%	3%	1%	2%
HDPE bottles	84%	12%	1%	4%
Aluminium cans	94%	4%	1%	1%
Steel cans	90%	6%	1%	3%
Glass bottles	86%	10%	1%	2%

Among the 534 respondents who provided a reason for including these materials, the majority (64%) referenced either the contribution they make to littering and detrimental environmental impacts or the need to include as many materials as possible to maximise recycling rates. Some stated that 'blanket' coverage of materials would also reduce consumer confusion about what was in and out of scope, making the scheme more convenient and more likely to drive a change in consumer behaviour.

Campaign responses from Greenpeace, the Marine Conservation Society and 38 degrees were in support of including PET bottles, HDPE bottles, aluminum and steel cans and glass bottles in scope of a DRS.

Some respondents provided reasons for why certain materials shouldn't be included in scope of a DRS, citing operational costs and complexity for return provisions.

'We do not believe glass, flexible packaging or beverage cups should be included in a DRS as they will introduce significant operational cost and complexity for those running return points, increase the space required for and cost of RVMs and damage the quality of collected materials, limiting their use in food grade applications. They also have low material values, once collected.' (Trade Association)

For example, some respondents raised concerns about the inclusion of glass within the scope of a DRS. Concerns that were raised by some respondents included:

- the significant increase in handling costs and equipment complexity due to the weight of the material and those costs are not recouped due to low material values
- that glass can contaminate plastic reprocessing streams making reprocessing more costly and more difficult to achieve high quality output
- glass beverage bottles are only a small proportion of all glass containers and so collecting this within the DRS may undermine wider efforts to capture all glass through the household collection schemes, sorted by colour, which should be the ultimate goal
- given the weight of glass packaging, many consumers in other countries prefer not to take their glass packaging back to return points and glass typically has one of the lower collection rates when included in a DRS

Respondents were asked a follow-up question about how glass bottles should be recycled. Figure 2 below, shows that the large majority (73%) of respondents were in favour of including glass bottles within a DRS, consider re-use and re-filling to be more cost efficient, logical and environmentally friendly than crushing and re-melting them into new glass bottles. 78% of individuals and 73% of local authorities agreed that glass bottles should be re-used or re-filled, in line with the overall respondent population.

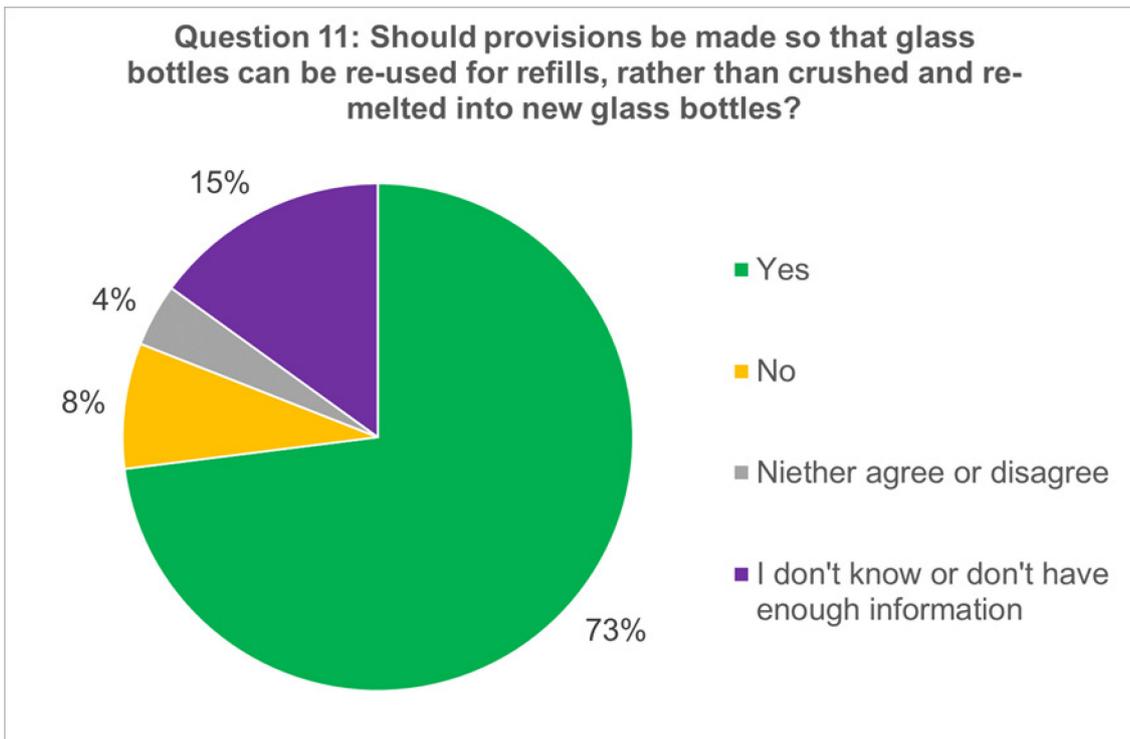


Figure 2: Should provisions be made for re-use or re-filling of glass bottles?

Some respondents pointed to the fact that there are several examples of schemes in other countries that run deposit schemes encouraging the re-use of glass bottles. However, issues with reusing and refilling bottles were also raised.

'Many countries around the world run a deposit scheme where bottles are re-used. This is far better for the environment, rather than expending needless energy turning a glass bottle into a mother glass bottle'. (Individual)

'The industry has moved to a lightweight glass per bottle system (to reduce material usage and emissions) and this would need to be reverted to thicker heavier glass bottles in order to be used for refilling machines as seen in Europe'. (Local Authority)

Tetra Pak®, pouches and sachets

The proportion of respondents in favour of including Tetra Pak®, and pouches and sachets, were comparatively lower. 73% of respondents would like to see Tetra Pak® included, while 61% felt that pouches and sachets should also be included.

Campaign responses from Greenpeace, the Marine Conservation Society and 38 degrees were in support of including all materials in scope of a DRS.

There were no significant variations by local authority or individual responses, however, only 18% of manufacturers agreed that Tetra Pak® should be included, largely because of the costs associated with making them and concerns about additional costs derived from the scheme. The reasons for their inclusion are reflected in the above findings for plastic and glass bottles, and steel and aluminium cans. However, greater concerns were raised

about the processes needed to recycle these materials and the relative contribution that these materials make to overall waste production.

Among the 503 respondents (question on pouches and sachets) who stated reasons for their answers, a large minority (28%) raised the above concerns and highlighted the inconvenience their inclusion in the scheme could create for consumers.

The quotes below, highlight the concerns that respondents raised:

'I think Tetra paks and gel drinks would contain too much residue and would probably contaminate other waste materials and/or cost too much in terms of financial cost and energy consumption to remove the residues before recycling'. (Individual)

'These items are comparatively insignificant in litter terms. As a cyclist who occasionally uses energy gels whilst riding it is easy to bring such used items home... I think much may be achieved by working with British Cycling to encourage riders to keep their used gel sachets with them and recycle at home'. (Individual)

Drinks in scope

International schemes and DRS models vary according to the drinks they include. International DRS commonly cover a broad range of drinks, including soft drinks (mainly water and juice) and alcoholic drinks. It is less common for these schemes to include milk or milk containing drinks (although there are such examples in some Canadian provinces and parts of Australia). The consultation asked respondents to state which drinks should be in scope of a DRS. Table 3 below indicates that respondents have a similar view to those implementing schemes in other countries.

Table 3: Drinks to be included in scope

Drink	Yes (all)	Yes (some)	No
Water	57%	26%	3%
Soft drinks (excluding juices)	58%	26%	2%
Juices (fruit and vegetable)	57%	25%	3%
Alcoholic drinks	62%	27%	4%
Milk containing drinks	57%	27%	8%
Plant-based drinks	48%	25%	11%
Milk	43%	22%	23%

Across all types of drink, the large majority of respondents would like to see them included within a DRS. However, the proportion of respondents advocating inclusion of 'all' or 'some' plant-based drinks and milk, is noticeably lower (73% and 65% respectively, compared with 89% for alcoholic drinks and 84% for soft drinks (excluding juices)).

Across all drink types, the proportion of individuals stating the inclusion of drinks in DRS is consistently higher than local authority respondents. More than 90% of individuals consider these drink types should be included, compared with between two thirds and three quarters of local authorities.

Expressing similar reasons to inclusion of certain materials in a DRS, respondents stated that inclusion of all these drinks types would increase recycling, reduce consumer confusion about what is and is not included and promote behavioural change among drinks producers. The key issue for respondents is not what the containers have in them, but the containers themselves. Plastics have been widely identified in the media, and by conservation groups, as the main contributor to the detrimental environmental impacts on our oceans. Respondents, including those from Greenpeace, the Marine Conservation Society and 38 Degrees, are clear that all plastics need to be included in the DRS and many stated that the production of plastics should be scaled back and eventually banned.

'The biggest issue is plastic so I would support [a] DRS scheme which required plastic to be returned and recycled. Also, as I have said previously, I would support the DRS on any container. It's about the container not the drink inside'. (Individual)

The most common reasons stated for not including milk and milk containing drinks are that most of these drinks are already adequately covered by existing local authority collection schemes, and that nut, soya and oat-based drinks may be more difficult to recycle because they are in cartons. One set of issues, covered in later sections, are the health and safety implications of including certain drinks and containers. With specific reference to milk and milk containing drinks, concerns were raised about the unpleasant smell if such containers were not regularly picked up from reverse vending machines and other DRS sites.

Campaign responses from Greenpeace, the Marine Conservation Society and 38 degrees were in support of including all drinks in scope of a DRS.

Disposable, single use cups

Many of those who responded to the government's call for evidence⁵ on using the tax system or charges to tackle single use plastic waste specifically highlighted disposable cups containing plastic as a problematic item, highlighting that they are difficult to recycle due to their plastic lining and are often littered. The government recognises that this is a

⁵ <https://www.gov.uk/government/consultations/tackling-the-plastic-problem>

problem. At Budget 2018, the government concluded that a levy on all cups – for both hot and cold drinks - would not at this time be effective in encouraging a decisive shift from disposable to reusable cups across all beverage types. Businesses are already taking steps to limit their environmental impact, but the government expects industry to go further and will return to the issue if sufficient progress is not made. In the meantime, the government is considering alternative options to tackle the environmental impact of cups.

Respondents to this consultation were asked whether plastic disposable cups, and those made from paper with a plastic lining, should be included in the scope of a DRS.

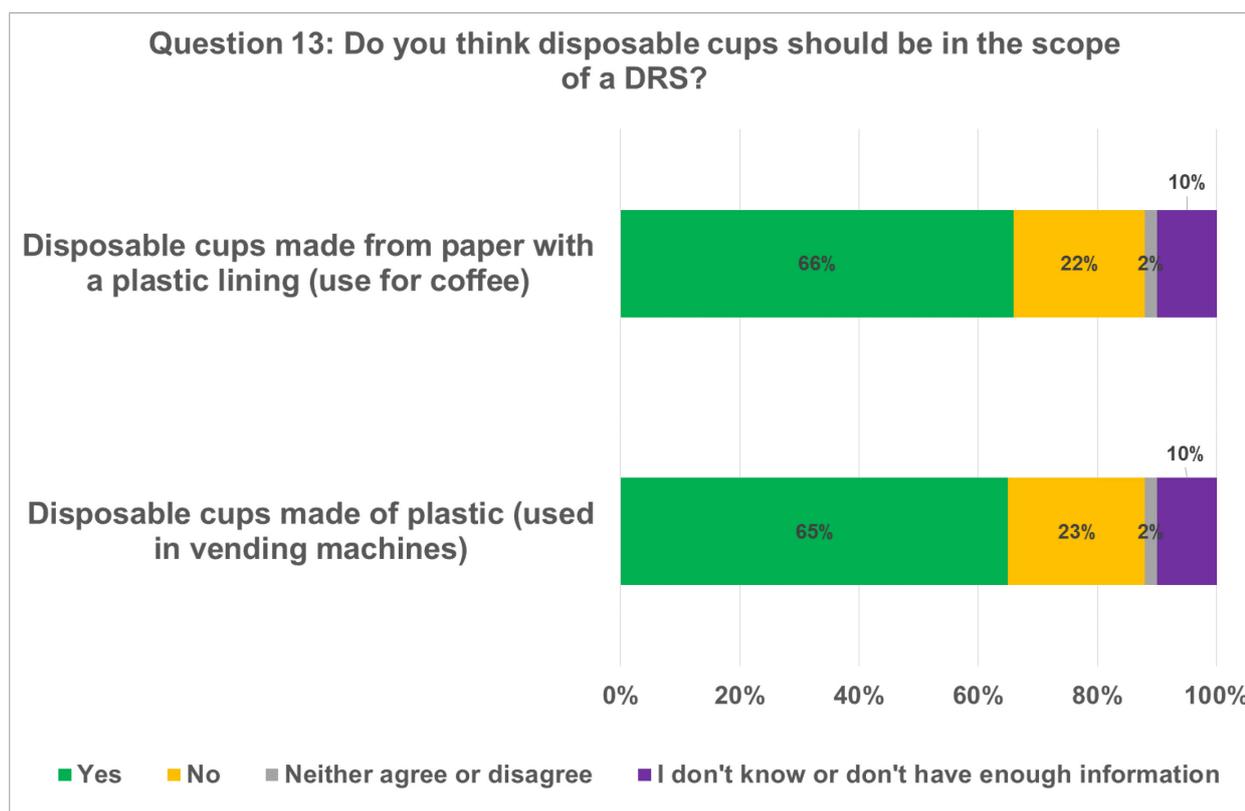


Figure 3: Inclusion of disposable cups in a DRS

While the majority (two thirds) of respondents consider that both types of disposable cup should be included in a DRS, a large minority (almost a quarter) stated that their inclusion could be a ‘logistical challenge’ for the scheme (figure 3). This latter figure increased to more than 70% of manufacturers (totalling 25 responses) and almost half of trade and representative bodies. There were no variations by local authority or individual respondents.

Among the 579 respondents who provided a reason for their view, a large minority (47%) stated that disposable cups should be included in a DRS because:

- they contribute significantly to levels of littering and waste
- overall levels of recycling would increase

However, some respondents argued that disposable plastic cups should not be included in a DRS. Two main reasons were given for this view. Firstly, the additional processes needed to separate the plastic lining from the paper exterior to enable recycling, can only be completed at a handful of sites. Secondly, some respondents argued that their inclusion in a DRS does not adequately address the detrimental environmental impacts they cause. Instead, these respondents think government should be proposing an outright ban on the use of plastics and single use containers and promoting the use of renewable packaging. Their view was that only an outright ban would lead producers to change the packaging materials and containers they manufacture.

'We need to change the behaviour of the public and industry. These cups are hugely damaging for the environment and despite the recent news and focus on them, their use is going up'. (Local Authority)

Type and size of drinks in scope

In addition to considering the materials and drinks that should be within the scope of a DRS, the consultation also asked respondents to consider the size of the containers that should be included in relation to where different drinks are consumed. Should the DRS include all materials and container sizes or be limited to drinks containers more likely to be consumed 'on-the-go', which the consultation document proposed as drinks sold in drinks containers below 750mls or in single-format containers (i.e. excluding multipacks).

'All-in' option

The first option is for an 'all-in' DRS. This option would include all the materials discussed above, but there would be no restriction on the size of drinks containers in scope. However, there is recognition that certain containers, such as beer kegs or those used in water coolers, may need to be excluded because of their larger size as they would not be suitable for return via a Reverse Vending Machine (RVM) or via a small retailer manual take-back. Where larger containers are excluded from the DRS, they would need to be included in the reformed packaging producer responsibility system. This option would need more return points to cope with the larger numbers and larger sizes of drinks containers in-scope.

Respondents were asked if containers over a certain size should be excluded from an 'all-in' DRS.

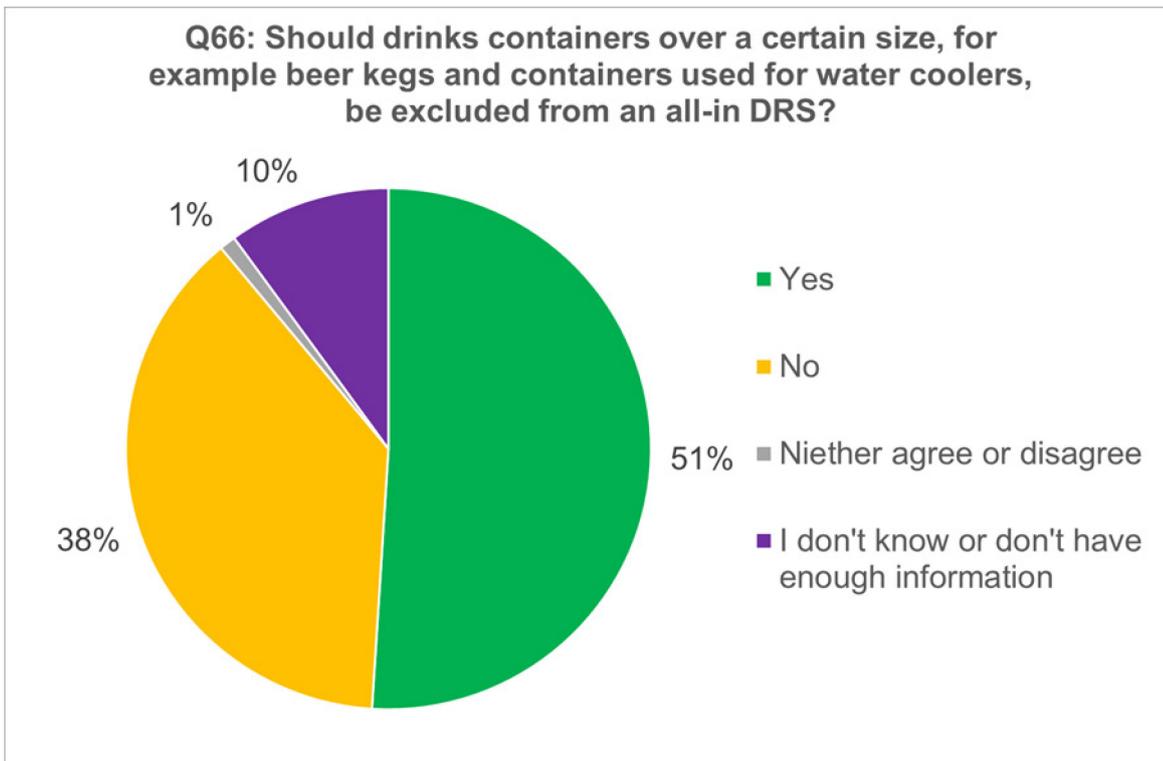


Figure 4: Exclusion of containers over a certain size

There were mixed views about the inclusion of larger containers, with 51% stating that certain sizes of containers should be excluded (figure 4). 38% stated that these containers should not be excluded from the scheme. Analysis by organisation type highlighted that almost two thirds of local authorities (63%), but only 31% of individuals agreed with the imposition of a maximum container size within the scheme.

347 respondents provided reasons for their view. Just less than a third (28%) of respondents stated these containers do not need including in the DRS as they should already be part of a separate returns scheme, organised through locations that use these containers (e.g. hotels, offices, pubs and other on-trade sites).

'Generally the large container such as beer kegs, water coolers are returnable/re-fillable and have a high intrinsic value, so are subject to a closed loop DRS between the packer/filler and customer'. (Individual)

1 in 5 (20%) respondents who provided a reason, agreed with the consultation's position that containers the size of beer kegs and water coolers would complicate the DRS, as alternative provisions would need to be made for their return.

'Containers over three litres cannot currently be accommodated in available DRS machine apertures. Large containers would also impact on host operability as containers left at collection sites but not deposited will impact labour time associated with DRS and storage options. This becomes more problematic in smaller sites and at manual collection points'. (Local Authority)

Slightly less than a quarter of respondents (24%) were clear that all containers, irrespective of size, should be included in the scheme.

All respondents were asked what the maximum size cut-off should be. Three size options of '3 litres', '4 litres' and '5 litres' were given, together with an option for no maximum.

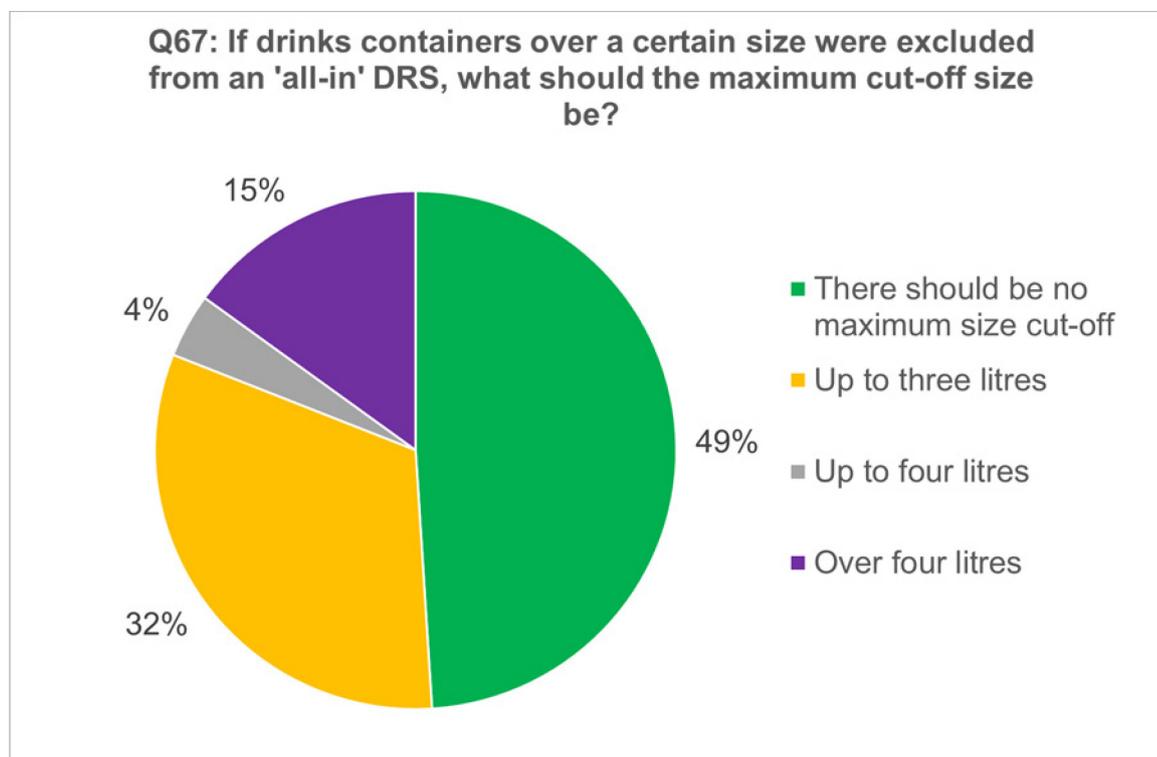


Figure 5: What should be the maximum cut-off size for containers?

In-line with responses to Question 66, almost half (49%) stated there should not be a maximum size cut-off (figure 5). Just under a third (32%) stated the cut-off size should be three litres, with 15% selecting over four litres. However, this percentage was mainly the result of individual responses. Only 12% of local authorities thought there should not be a maximum cut off size, although 31% chose not to answer the question. Slightly more than a quarter (26%) of local authority respondents stated that the cut off should be containers of up to 3 litres.

87 respondents provided 'other' size options that were not included in the questions. One third of these people stated that the limit should be greater than 2 litres. 15% of respondents were clear that container size should be determined by what the RVMs can realistically and readily accommodate.

Although this question asked about what the maximum cut-off size should be, an option for 'no maximum size cut-off' was provided. In line with responses to question 66, more than half (58%) of the 439 respondents stated there should not be a maximum cut-off size. 21% stated that any container not intended for personal consumption should be excluded from the scheme.

'Most drinks containers and plastic bottles are 3 litres or less. Plenty of small return points would work for these. For larger bottles, an automated option at centralised venues will be helpful'. (Individual)

'Evidence from the British Soft Drinks Association's (BSDA) assessment of best-practice DRS shows that 3 litres is the largest bottle an RVM can easily cope with without requiring new design and increasing cost. It is also sufficiently large to capture most drinks containers likely to be found littered'. (Trade association/representative body)

'On-the-go' option

The second option is an 'on-the-go' DRS. An 'on-the-go' DRS would cover the same materials as the 'all-in' option but would restrict the drinks containers in scope to less than 750ml in size and would exclude multipack containers. The purpose of this model would be to target containers most often sold for consumption outside of the home, for example containers sold at a gym or leisure centre. This option could also minimise the potential impacts of the scheme on kerbside collections as people would be more likely to dispose of 'on-the-go' containers outside the home.

Respondents were asked if they agreed with the definition of 'on-the-go' as less than 750mls.

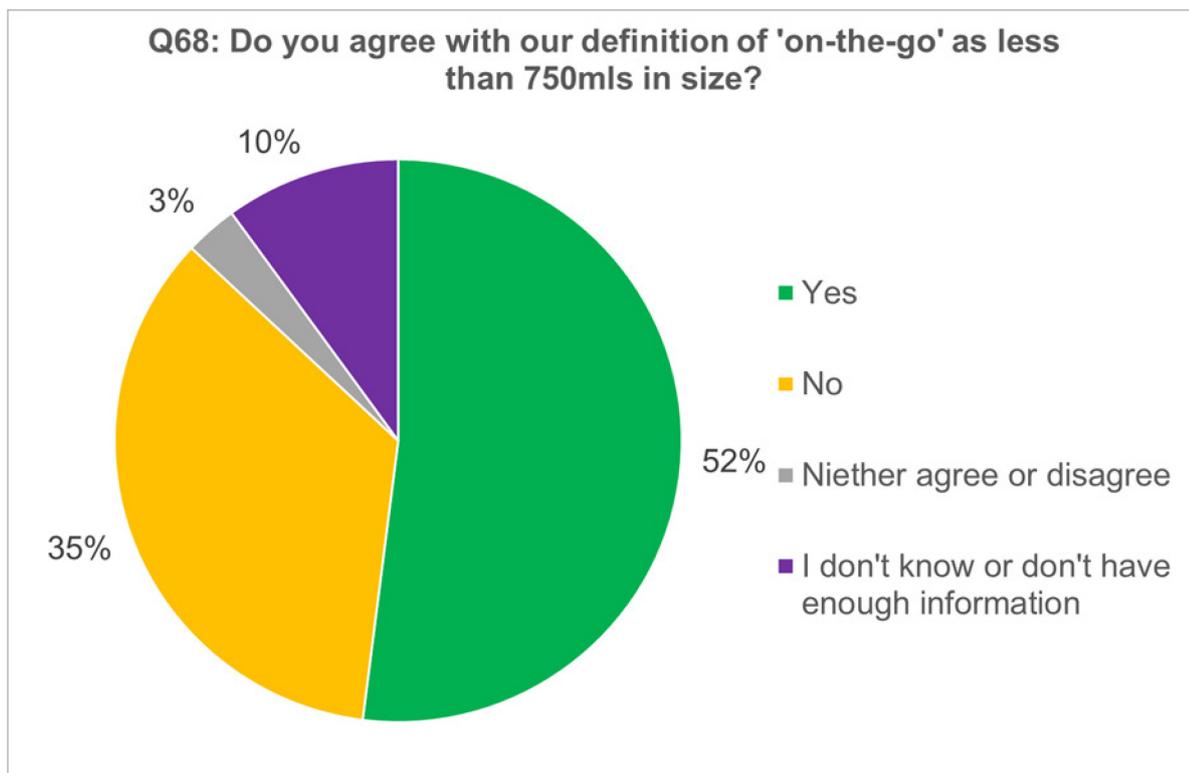


Figure 6: Agreement with definition of 'on-the-go' as less than 750 mls

The majority (52%) of respondents agreed that 'on-the-go' containers should be less than 750mls. This is not a measure of whether respondents think there should be maximum cut-off, but simply a view on the definition (figure 6). However, there was significant variation between individuals and local authorities, with 43% of individuals agreeing with the definition, compared with 61% of local authorities. In general, any provision to restrict either the size or type of container, garners a higher level of support among local authorities. This is principally because local authorities are more skeptical about the need for a DRS in the first place. Only 36% of manufacturers agreed that 'on-the-go' containers should be less than 750mls.

Among the 240 respondents who provided a reason for their response, 24% agreed with the definition, stating that 750mls and below is the average sized drinks bottle, with most being 500mls. 16% agreed with the definition but added that there should be no exclusions. 19% of those provided a reason for disagreeing stated that 'on-the-go' bottles should include 1 litre bottles as these are frequently found in litter.

'On the go' size should be deemed to be up to 1 litre. Most of the roadside litter consists of discarded drink bottles by tradespeople in large vehicles and HGV drivers - I know this because I carry out regular litter-picks of my village that is serviced by an 'A' road. Regular purchasers of 'on the go' drinks will just purchase larger containers to avoid the deposit surcharge'. (Individual)

'There is an increased use in 1L water bottles so would recommend that this size of containers is included as there is a lack of obvious difference in this size and 750ml'. (Individual)

The proposed definition of 'on-the-go' currently excludes multipack containers. The majority of respondents (59%) disagreed with this part of the definition, citing that multipack containers are the same size and made of the same materials as single purchase containers and should, therefore, be treated the same way within a DRS.

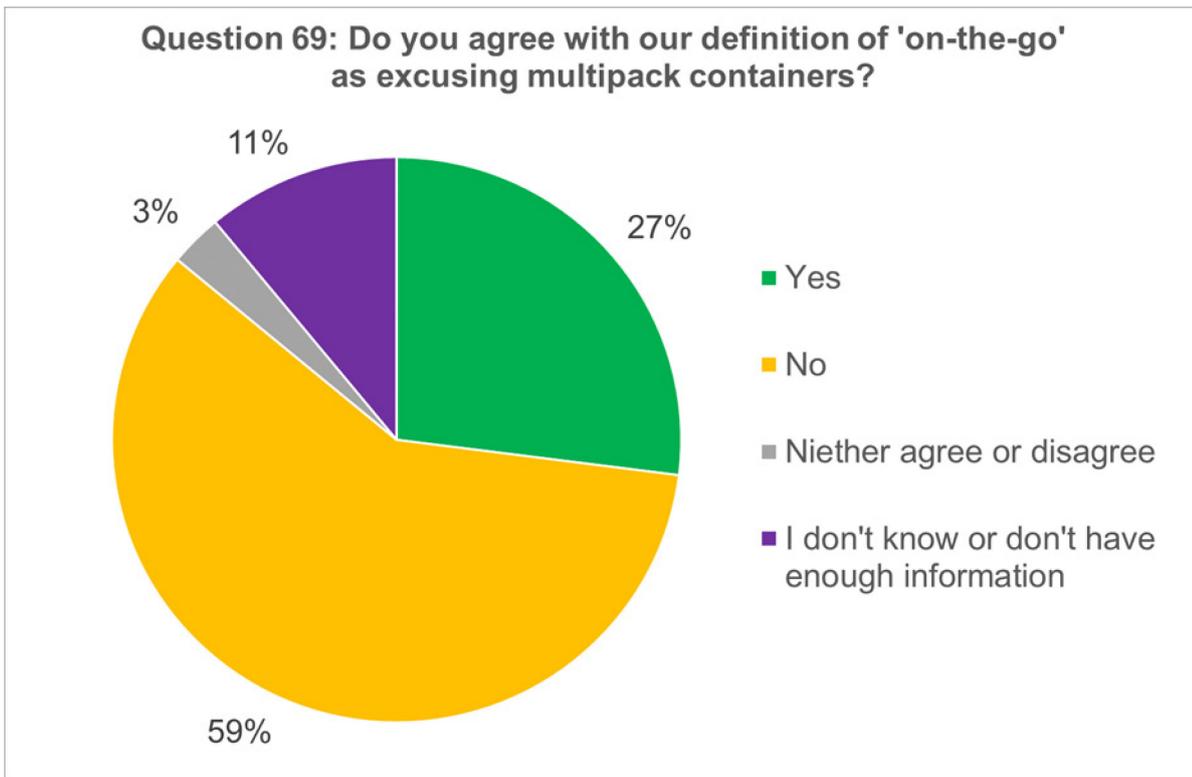


Figure 7: Agreement with definition of 'on-the-go' excluding multipack containers

42% of respondents who provided a reason for their view on multipack containers, disagreed with the definition, stating that multipack containers get consumed 'on-the-go' like any other containers of a similar size. In line with many other questions on drinks types and sizes, and their inclusion in the DRS, almost a quarter (24%) stated there should be no exemptions from the scheme. Any exemptions will create confusion and lessen the scheme's impact on recycling rates and producer/consumer behaviours. There were no significant variations according to organisation type.

Preference based on impact assessment

Based on the information contained in the consultation document and impact assessment, respondents were asked to state their preferred option between an 'all-in' and 'on-the-go' scheme.

The majority (69%) of the 672 respondents to this question preferred the 'all-in' option, compared with 15% who preferred an 'on-the-go' scheme. All campaign responses from Greenpeace, the Marine Conservation Society and 38 degrees were in support of an 'all-in' option.

'Surveys carried out by YouGov for MCS showed that around three quarters of the British public [surveyed] support the introduction of a DRS (73%), while another three quarters (72%) think that it should include all sizes of drinks containers. An 'All-in' DRS would also

see the best return in terms of cost savings, job creation, and regeneration of our domestic recycling industry (Marine Conservation Society campaign response)

'We need a deposit return scheme that includes drinks containers of all materials and sizes in order to start tackling our plastic pollution crisis. Studies have shown that a DRS significantly increase recycling and leads to a reduction in littering overall. A good DRS should be 'all-in' in every sense – covering containers of all materials and sizes in order to capture the very maximum possible amount of used drinks containers and achieve the desired outcomes' (Greenpeace campaign response).

Question 70: Based on the above information, and where relevant with reference to the associated costs and benefits outlined in our impact assessment, which is your preferred DRS option?

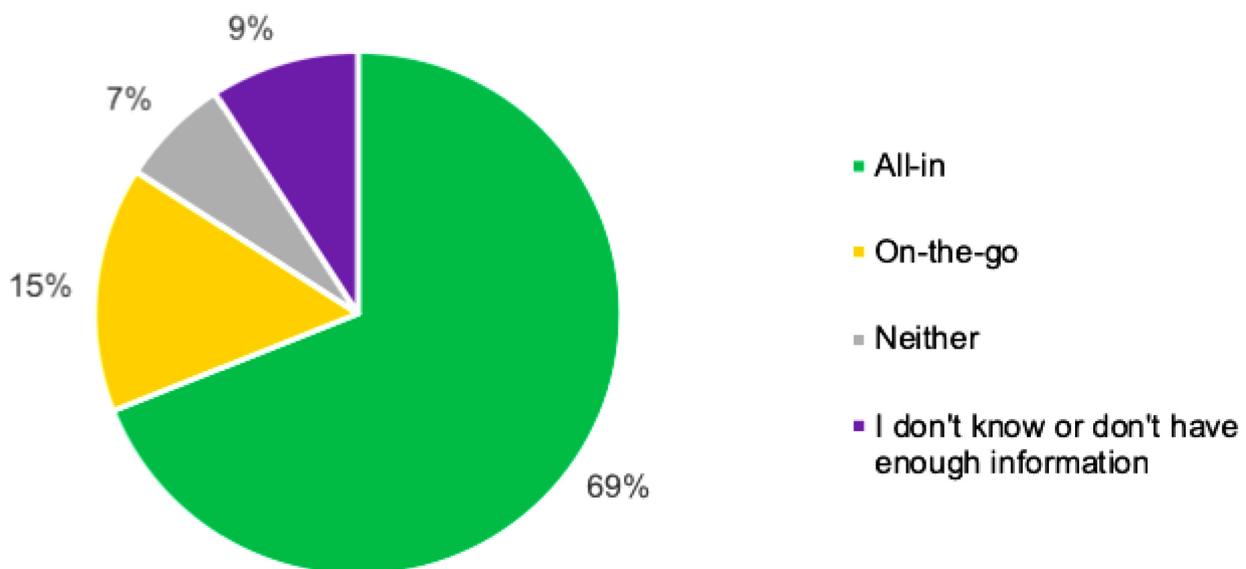


Figure 8: Preferred DRS option ('all-in' or 'on-the-go') based on the Impact Assessment

336 respondents provided a reason for their preference. 48% of these respondents preferred an 'all-in' DRS to maximise the impact on litter and waste reduction. 13% stated they preferred an 'all-in' option because it would be the least confusing for consumers, which would result in greater engagement with the scheme and increased levels of recycling.

Of those that gave a reason for their answer, 13% questioned whether there was a need for DRS and highlighted that existing local authority-led kerbside schemes are already recycling much of the material covered within the scope of DRS.

'...a deposit return scheme penalises high quality recyclers ... who already have high capture rates of the targeted materials... We already capture over 90% of glass, 53% of metal packaging and 74% of plastic bottles. Their future plans which involve adding more materials to the weekly recycling service and reducing the frequency of refuse collection

mean we anticipate capturing even more from the residual bin to achieve 20% more food waste, 30% more recycling (including more beverage containers) and a reduction in residual waste of 15%. We feel that the implementation of a DRS alongside EPR is too much at the same time'. (Waste Management Company)

Many local authorities argued that the implementation of a DRS should be deferred until stakeholders better understand the long-term impacts of the extended producer responsibility scheme. This was a common reason cited among local authorities:

'We would like to see the impact of the introduction of the EPR before a DRS scheme was introduced as the costs of setting up the deposit return infrastructure are high and the introduction of the EPR will provide further evidence for the proposed two models'. (Local Authority)

Design of drinks containers in scope

The UK government and both devolved administrations have the common aims of reducing waste, promoting markets for secondary materials and incentivising producers to design better packaging using reusable, recyclable and more environmentally friendly materials. The long-term objective for many stakeholders is to significantly reduce and ultimately cease the production of plastic containers. These aims can only be achieved via a significant shift in the attitudes of producers and through incentivising them to research and develop new products and processes.

The consultation asked how a DRS could drive better design of packaging of drinks containers in scope of a DRS and asked respondents to choose between two options:

- 53% thought that varying producer fees to reflect the environmental cost of the products placed on the market would provide a catalyst for the worst 'offenders' to change the packaging they use
- 39% considered an additional producer fee levied against those who use hard to recycle containers could be more effective

When asked how else the DRS could influence packaging design, respondents identified the following opportunities to:

- legislate against the use of plastics and other hard to recycle materials
- penalise the use of difficult to recycle materials
- tax the use of black plastic, which does not reflect light and cannot be sorted using scanners
- to prevent the production of containers using multiple materials (e.g. plastic lined coffee cups)

Respondents were also asked which organisation types should be involved in informing and advising on the environmental costs of products. As demonstrated in table 10, almost three quarters of respondents stated that producers should be involved, with 69% thinking that government and re-processors should be involved. Only 55% thought local authorities were best placed, a figure that dropped further to 40% for waste management companies.

Table 4: Organisations involved in informing and advising on the environmental cost of products

Organisation	Percentage of respondents who stated should be involved (%)
Producers	71%
government	69%
Re-processors	69%
Local authorities	55%
Waste management companies	40%

Scheme design

This section focuses on what respondents thought about the following:

- definition and role of producers in the scheme
- inclusion or exclusion of producers below a certain size
- role of retailers (including online retailers) in the scheme, with a focus on hosting return points and RVMs
- material and financial flows in the system

Producers

Defra have proposed that all producers of materials and drinks that would fall within the scope of DRS, would be mandated to join the scheme via a 'producer fee'. Defra define 'producer' as *'those who are placing on the market drink beverage products in drinks containers within the scope of DRS. This would include those who import drink beverage products to put into the market in England, Wales and Northern Ireland'*⁶.

Respondents were asked the following questions about producers and their involvement in the scheme:

- do you agree with our (Defra's) proposed definition of a producer?
- should there be a de minimis (minimum level) which must be crossed for producers and importers of drinks in scope of a DRS to be obligated to join the scheme?

⁶ 'Consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland', Department for Environment, Food and Rural Affairs, February 2019.

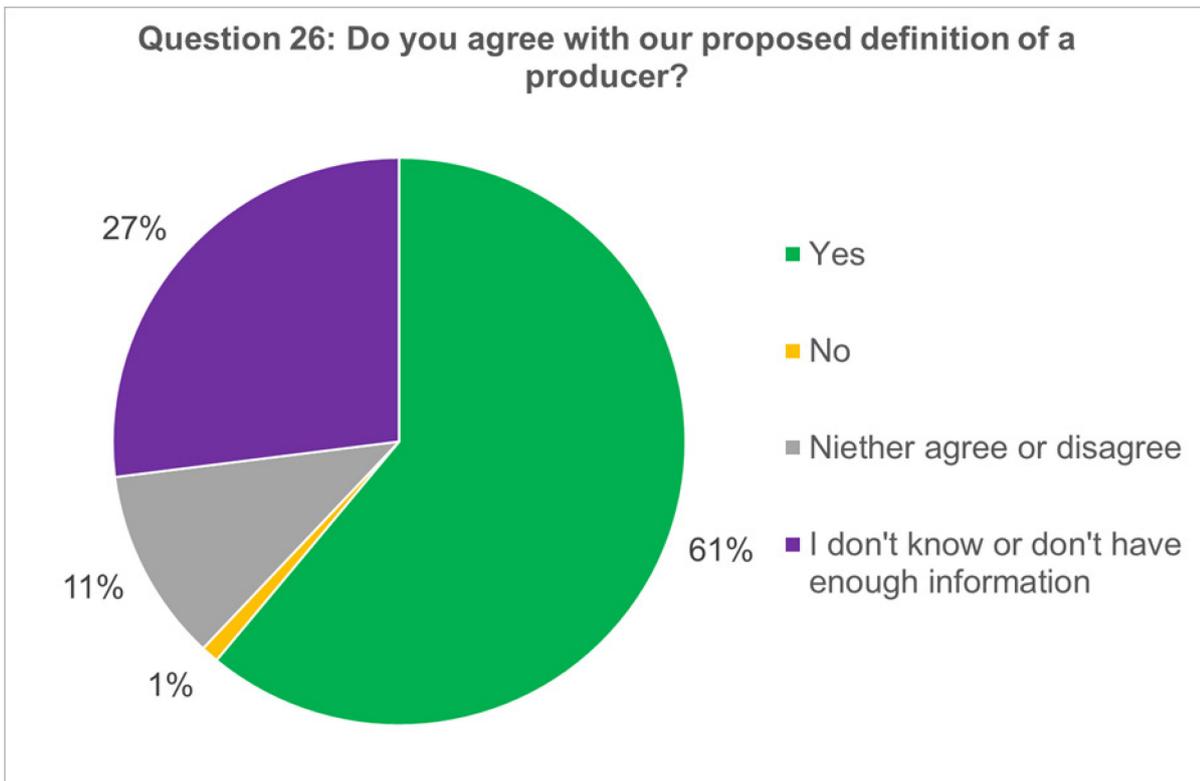


Figure 9: Agreement with the definition of a producer

The majority of the 946 respondents who answered this question, agreed with Defra's definition, although a large minority stated they did not know or did not have enough information to provide a response. However, while 96% of local authorities agreed with the definition, only slightly more than half of individuals (52%) agreed, with more than a quarter (28%) stating they did not know or did not have enough information to provide a meaningful response. All manufacturers and almost all trade organisations (96%) agreed with the definition.

Those who agreed with the proposed definition were clear that all producers of containers included in the scheme should be mandated to join because they are responsible for their manufacture. It was also felt that all producers need to be included in the scheme if it is to successfully change behaviours, promote the manufacture of renewable and recyclable materials and phase out the production of single use plastics. Only 5 respondents disagreed with the definition, but they did not provide a reason for their view.

When asked if there should be a de minimis for producers and importers of drinks in scope, views among respondents were mixed.

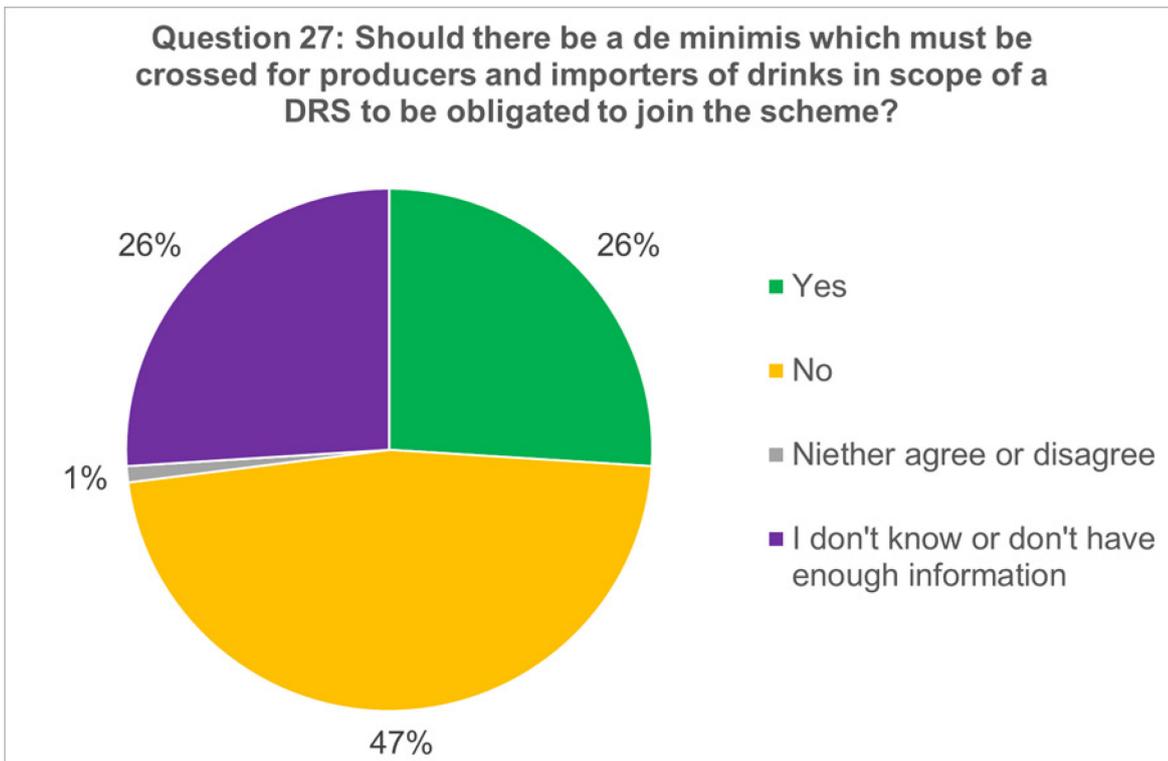


Figure 10: Should there be a de minimis for producers and importers?

47% stated there should not be a de minimis and that all producers should be included. However, there was significant variation by organisation type with:

- 80% of manufacturers stated there should not be a de minimis for producers and importers, a view that 77% of trade bodies also shared
- One third of local authorities thought there should not be a de minimis, with one third stating there should be
- 22% of individuals stated there should be a de minimis

Mandating all producers to join the DRS would level the playing field for businesses and remove any risk of producers exploiting loopholes to avoid inclusion. Exploitation of the DRS was a genuine concern among respondents with one arguing that having a de minimis:

'...will create a loop hole which importers will find ways to exploit. Joining a DRS needs to be mandatory: if you want to sell products in plastic or glass bottles then you have a legal and moral obligation to encourage recycling of the containers'. (Individual)

Among those who stated that a de minimis should exist, this should be based on the size of the producer. Very small businesses, or those at the start of production, could potentially struggle to cover the costs associated with their involvement in the scheme, making them less competitive in a very cut throat market. However, proponents of a

system including all producers argued that subsidies and grants could be given to smaller producers to offset any costs incurred during manufacture.

Retailers and provision of return points

Principle 4 of the DRS states that the *'system should be clear and understandable to consumers and provide convenient means of returning drinks containers and reclaiming deposits'*⁷.

In a well-functioning DRS, it would be easy for consumers to return drinks containers and obtain their refund. Convenience should provide consumers with the option of returning the container to either the same place they bought it, or to a different place, using an RVM or manually via over-the-counter take back provisions in smaller retailers. Retailers will have an important role to play in the operational success of the scheme by offering RVMs and manual return points.

The consultation proposed that all retailers would be obligated to host a return point. Retailers that host a return point would receive a 'handling fee' from the DMO to reimburse them for associated costs. This handling fee could vary according to whether the return point is manual or automatic, the floor space taken up by an RVM or the storage space needed for manually returned containers.

The consultation also proposed that the DRS should host return points in locations with high footfall, such as transport hubs, leisure facilities and event locations. Any DRS would need to minimise the carbon emissions produced by consumers using cars to return their containers.

Respondents were asked for their views on the following issues associated with retailers and the provision of return points:

- organisations that should be obligated to host a return point
- possible impacts of hosting a return point
- health and safety implications associated with hosting a return point
- a de minimis under which retailers and other businesses selling drinks containers would not be obligated to host a return point
- alternative suggestions for return provisions
- obligations for online retailers to pick up and refund DRS material

⁷ 'Consultation on introducing a Deposit Return Scheme in England, Wales and Northern Ireland', Department for Environment, Food and Rural Affairs, February 2019.

- any issues not covered in the consultation document.

Organisations that should be obligated to host a return point

Respondents were asked if certain businesses which sell drinks in in-scope containers should host return points.

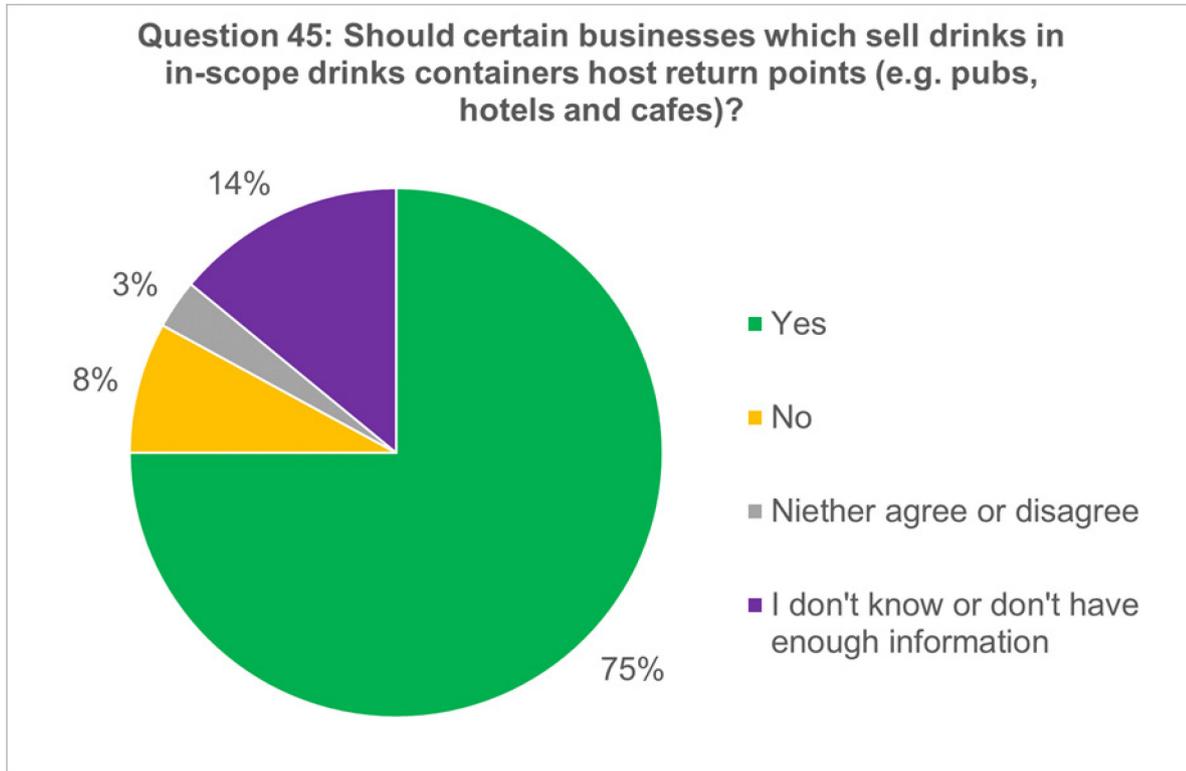


Figure 11: Should businesses selling in-scope drinks host return points?

The large majority of respondents (75%) agreed that certain businesses should host return points. 76% of local authorities agreed with the proposal for certain businesses to host return points, compared with slightly more than two thirds (67%) of individuals. Only 1 in 3 manufacturers stated 'yes' to this question, although there is a more of a general scepticism among manufacturers about the need for the scheme.

Table 5 below, provides a breakdown of the organisation and location types that respondents identified. Retailers, transport hubs, leisure centres, and event venues were options provided in the question and respondents were asked to identify any additional locations.

Table 5: Location of return points

Organisation or location	Percentage of respondents (%)
Cover as many packaging types as possible - consumer convenience	25%
Event venues	12%
Central locations in the local area	11%
Supermarkets	9%
Leisure centre	8%
Retailers who sell containers in scope	7%
Schools, universities and colleges	6%
Parks	5%
Hotels and hospitals	5%
Other	4%
Transport hubs	3%
Petrol station	2%
Kerbside collection	2%
Cover as many packaging types as possible - maximise/increase recycling	1%

From the 600 responses to this question (Q33), 25% stated that return points should be in the most convenient places for consumers to use. Consumer convenience is critical to bringing about behavioural change and increasing recycling rates. 12% stated that event venues, including festivals and sports stadia should provide return points, although concerns were raised about the volume of containers used and the logistics for their collection.

Other notable locations identified included town and city centre locations (11%), supermarkets (10%) and leisure centres (8%). Supermarkets already provide recycling points for paper, glass, plastics and clothing, meaning infrastructural changes to include manual return points could be minimal. However, RVM locations would need to be in store.

Impacts of hosting return points

The consultation is looking to make it mandatory for retailers that sell drinks in scope of the scheme to host return points for consumers to redeem their deposits. However, the option of voluntary opt-ins for retailers that do not sell in-scope drinks and containers to host return points, is also being considered. This would increase the number of accessible return points, making it more convenient for consumers.

90% of respondents thought that retailers that do not stock in-scope drinks should be able to opt-in and offer RVMs and manual return points.

It is important that the costs and benefits of hosting a return point are identified and explained to help retailers make an informed decision about whether or not to opt-in. Respondents were asked to identify what the potential impacts of hosting both RVMs and manual return points might be for retailers and other organisations.

Table 6: Impacts of hosting return points

Impacts	Percentage of respondents (%)
Space needed to house the machines	33%
Increased visitors/footfall leading to increased sales	12%
Additional staff (maintenance, receiving returns etc)	12%
Area around machines could become unsightly/smell	12%
Cost of hosting	9%
Risk of vandalism	9%
Need to empty regularly	6%
Risk of Fraud/Theft	4%
Other	3%

Respondents identified space as the most common impact of hosting a return point. This was principally provided as a negative and related to the loss of retail space associated with hosting a reverse vending machine and collecting and storing containers. Other negative impacts of hosting RVMs or manual return points included:

- resources needed to regularly remove the containers
- additional staff costs for dealing with consumer returns
- environmental impacts of hosting return points, with the immediate surroundings becoming unsightly and unpleasant
- risk of vandalism to the RVMs and concerns about theft and possible fraud

Respondents did identify several benefits of hosting return points, with increased footfall and sales the most commonly cited. Retailers and businesses that host return points could also enhance their image and reputation through demonstrating their commitment to recycling and environmental improvements.

Health and safety implications of hosting a return point

Respondents were asked if there were any health and safety implications associated with hosting a return point. 44% of all respondents identified health and safety issues, a figure that increased to two thirds of local authorities but decreased to only a quarter of individual respondents.

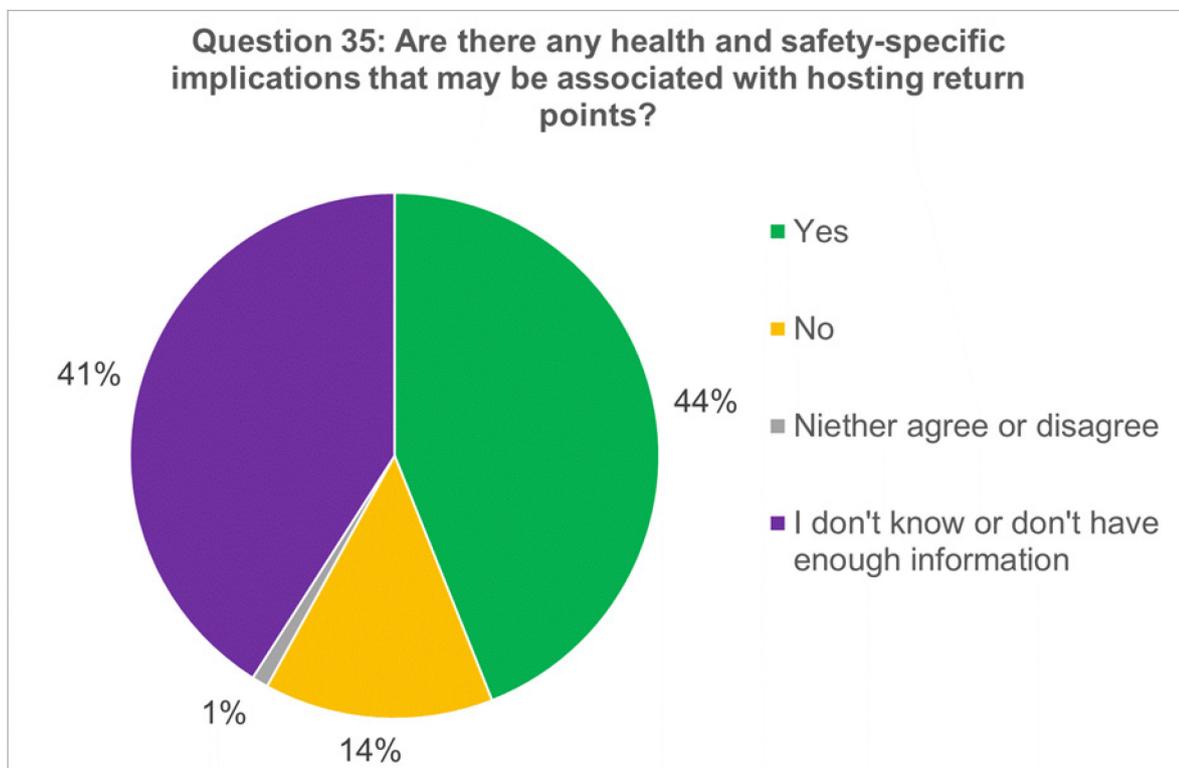


Figure 12: Health and Safety implications of hosting return points

A large minority of respondents were able to identify several health and safety issues, almost all of which directly related to the either the materials or the containers used. Only one safety issue, the risk of injury if people attempted to remove containers from the RVMs, was associated with the physical infrastructure needed to operate the scheme.

Table 7 identifies the most common health and safety issues that respondents identified.

Table 7: Health and safety issues of hosting return points (verbatim responses)

Health and safety issues	Percentage of respondents (%)
Broken glass/Sharp cans etc	29%
Dirty/Unwashed containers/Bodily fluids	28%
Attracting insects and pests	15%
Smell	10%
Fire	9%
People trying to access containers in the machines	6%
Lots of containers left	2%
Litter if not emptied regularly	1%

Respondents were particularly concerned with the problem of broken glass in and around the return points, and the associated risk of injury and harm.

‘If glass bottles are within the scope of DRS, there are the risks of potential breakage, cuts and lacerations’. (Individual)

A similar proportion of respondents also identified the health implications associated with storing containers that have been insufficiently emptied and cleaned. The issue of dirty or unwashed containers would be likely to contribute to other issues including the attraction of foxes, mice, rats and insects and the presence of an unpleasant smell, both of which appear in the table above.

Some respondents also highlighted the risk that fire poses, with flammable materials placed together in one location. If a user of the return points accidentally dropped a cigarette on or near the returned containers, there could be the serious risk of fire.

De minimis for retailers

While the majority of respondents felt that there should not be a de minimis below which producers should not be involved in the scheme, they were more divided about the type of retailers and other businesses selling drinks containers that should be mandated to host a return point. Figure 13 below shows respondents had mixed views about a de minimis level for retailers.

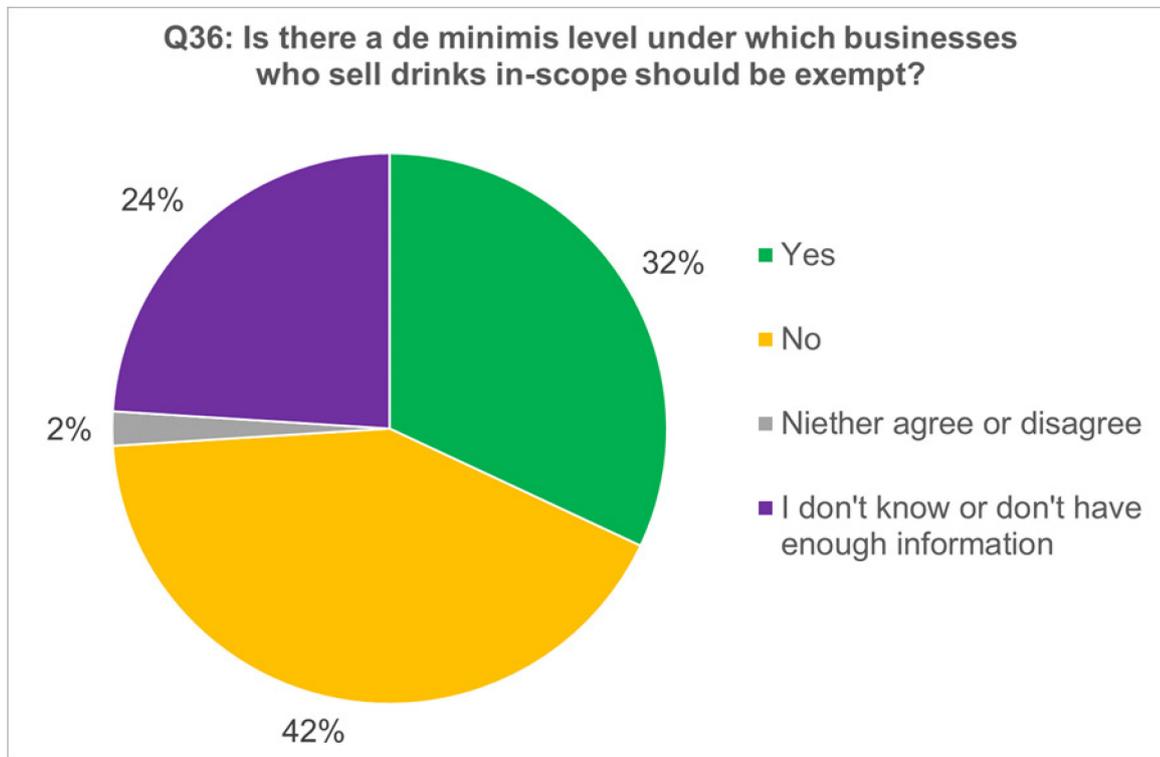


Figure 13: Is there a de minimis level under which businesses who sell drinks in scope should be exempt from inclusion in a DRS?

Almost a third (32%) stated that there should be a de minimis level below which businesses who sell drinks containers should not be required to host a return point. The majority of respondents stated that small and medium sized enterprises (SMEs) should be exempt from this requirement or have the option of hosting a return point voluntarily. They stated that for many SMEs, hosting return points would be impractical and costly, with RVMs, manual return points and storage requirements taking up too much space. Sales figures for drinks in scope (78%) and floorspace (53%) were the most common criteria for deciding on the de minimis. Other, less frequent criteria that respondents identified included opening hours and turnover.

Among the 42% who stated there should not be a de minimis level for retailers, the reasons mirrored many reasons articulated in other questions, notably that anyone who sells products in drinks containers should be obligated to host a return point, excluding certain businesses would result in consumer confusion, and everyone has responsibility to look after the environment.

*'Everyone should be in scope - if you want to profit from selling the products, you must be willing to support the waste solution. It is fine to have different requirements, i.e. very small stores could have to collect all deposits but not accept returns if they choose - however this will lead to them losing sales, so they will choose to also offer returned deposits'.
(Individual)*

Alternative suggestions

166 respondents put forward alternative suggestions for return provisions that could be used to accept drinks containers. Of these, 65% proposed centralised collection points and recycling stations. These would be particularly effective in rural areas, where provision of return points would otherwise be scattered and limited by the size of most retailers. 17% of respondents who provided an alternative suggestion stated that local council kerbside and doorstep collections could provide a low-cost option for collecting and recycling containers. The infrastructure is already in place and only minor tweaks would be needed to make it workable within the scheme. 13% thought that online shopping delivery drivers and milkmen could be used to return deposits and containers, although available space in vehicles would prove a possible barrier to this solution.

Provisions for consumers who have difficulty returning empty drinks containers

The principle of consumer convenience has been a consistent theme across the consultation responses. If the DRS is to have a discernible impact on recycling rates and on changing consumer behaviour, it is important that consumers can readily access return points and receive their deposit returns. Related to this issue of consumer convenience, respondents were asked what provisions should be put in place to help consumers who may have difficulty in returning containers.

Of the 439 respondents that put forward suggestions for provisions that could help consumers with health, mobility or transport issues, 35% stated that shopping delivery services offered via the main supermarkets could be used to accept container returns (table 8). Almost a third of respondents felt that community outreach projects that play such an important role in maintaining independence and engagement, could also be subsidised to provide collection and deposit return facilities. 15% felt that no additional provisions are needed; if you can buy the product then you should be able to return it. Other suggestions included, making use of existing kerbside collections, providing central return points and recycling stations, and asking for help from friends and family.

Table 8: Additional provisions to help people with mobility or transport issues

Suggested provision	Percentage of respondents (%)
Use shopping delivery services to return	35%
Community outreach projects	28%
No provision -if you can buy it, you can return it	15%
Existing kerbside collections could be adapted	10%
Group collection points/Recycling stations	6%
Friends and family	4%
Mail return	2%

Provisions in rural areas

Many of the suggestions put forward to help consumers with health, mobility or transport issues to access the scheme, were also put forward to help consumers living in rural and more remote areas.

Table 9: Additional provisions for people in rural areas

Suggested provision	Percentage of respondents (%)
Use shopping delivery services to return	34%
Community outreach projects	26%
No provision -I f you can buy it, you can return it	20%
Existing kerbside collections could be adapted	12%
Group collection points/Recycling stations	5%
Mail return	3%

34% of respondents again thought that making use of online delivery services could provide a low-cost and straightforward solution to helping people in rural and remote areas use the scheme. Slightly more than a quarter thought that community outreach projects could be used, however 1 in 5 stated that no additional provisions should be made.

Situating RVMs outdoors

Respondents were asked if they had any evidence to support the provision of RVMs in outdoor locations such as parks, highstreets or existing outdoor recycling centres. 194 respondents provided evidence for this question. The large majority (73%) stated that RVMs should be in 'hotspots' with high footfall, which included the high street and parks.

'I think there is potential for siting Reverse Vending Machines (RVMs) in parks and at existing outdoor recycling centres. If there are RVMs inside many of the High Street shops, I do not think there is a need to clutter up the pavements with RVMs, obstructing wheelchair-users and mothers pushing double buggies'. (Individual)

Some respondents provided examples from other countries, including Germany, Scandinavia, Canada and Australia, where outdoor RVMs are already being used.

'Many other countries, such as Australia, Canada, Germany, Scandinavia and the United States of America use these successfully; Britain needs to look into how it works for them and follow suit'. (Local Authority)

'There are examples of RVMs in car parks in Estonia and Lithuania. They are housed in secure cabins and provide a return location for a large number of surrounding flats and offices. These can be difficult to maintain as the RVMs are sensitive to extreme temperatures, therefore we would advise a return to retail in the first instance'. (Local Authority)

Based on the above evidence, there are lessons to be learnt from schemes in other countries that will help make the operation of any proposed DRS in the UK more efficient.

Obligations for online retailers to pick up and refund DRS material

The large majority of respondents (70%) stated that online retailers should be obligated to pick up and refund DRS material. There were no significant variations between organisation types (63% of retail respondents also agreed that online retailers should be obligated under the scheme). Three main reasons were identified in support of this view. 71% of the 475 respondents who provided a reason stated that all retailers, including those operating online services, have a responsibility to contribute to the successful implementation of a DRS and must play a role in increasing recycling rates among consumers. One respondent argued that:

*'Trade is trade whether face to face, by post or over the internet. Online retailers should not get away with exemption just because a transaction was carried out online'.
(Individual)*

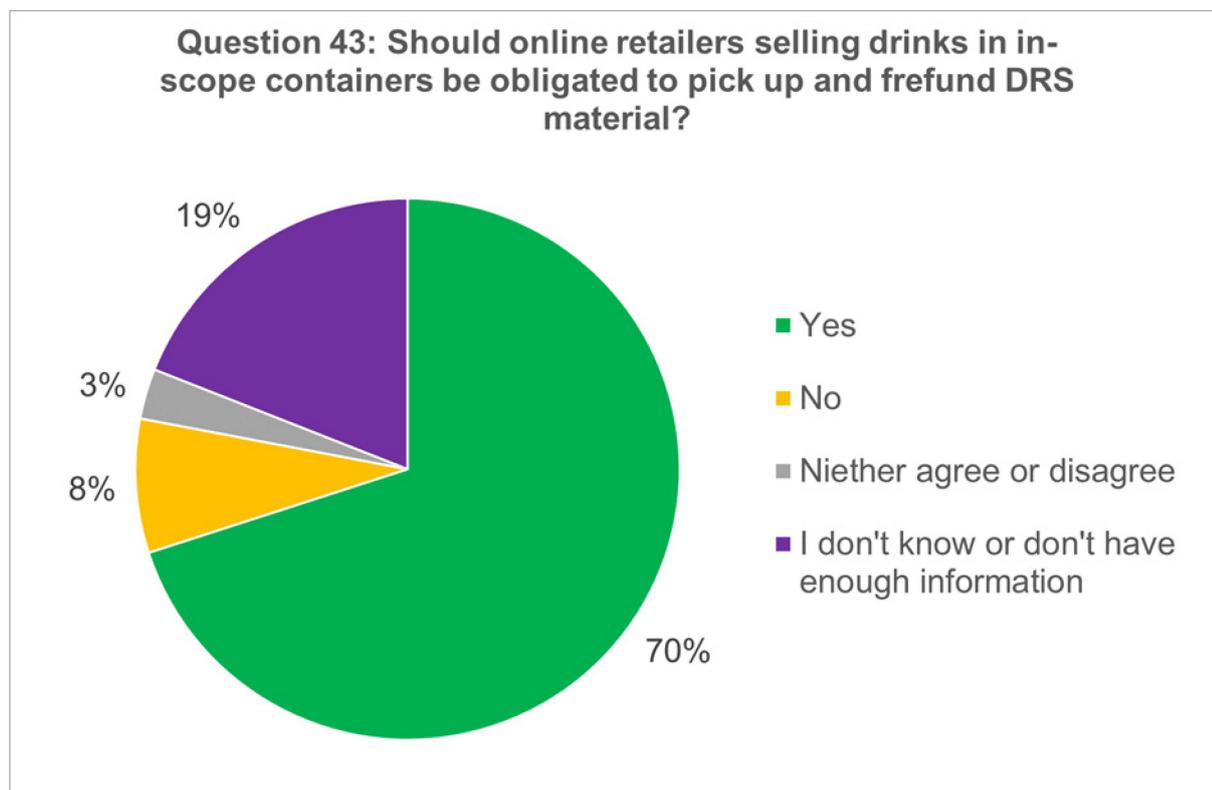


Figure 14: Online retailer obligations to pick up and refund DRS material

Organisations, including Greenpeace (who submitted 121,345 responses) and some local authorities, are clear that a DRS should cover all producers and retailers, regardless of size, sales or perceived contribution to littering waste production.

'We believe that in an 'all-in' DRS system, producers should pay for the full cost of collecting of all possible materials, as this will incentivise them to use materials that are easier to recycle for use as food grade containers' (Greenpeace campaign response)

If certain retailers are exempt from the scheme, there is scope for others to find loopholes to be not be included. Respondents have consistently argued that exemptions from the scheme will also confuse consumers, causing a knock-on effect of disenfranchisement with the scheme and possible reductions in recycling rates, a situation that would be counter-intuitive to expected outcomes.

A de minimis for online retailers

As with producers and other retailers, respondents had mixed views about the implementation of a de minimis for online retailers. In a similar trend to responses for other retailers, 50% of respondents stated that a de minimis should not be considered. This

compared with 21% who stated a de minimis should be applied. Slightly more than 1 in 3 (38%) of local authorities thought a de minimis should be applied, while nearly half of individual respondents thought the opposite. Individuals consider producers and retailers to be more responsible for the environmental challenges caused through manufacture and sale of single use plastics and are more likely to expect them to pay for aspects of the scheme. More than a quarter (28%) of individual respondents and 18% of local authorities stated they did not know or did not have enough information to provide a response.

Among the 245 respondents who provided a reason for their views (whether in favour or against), 77% stated that a de minimis for online retailers could promote increased online sales of containers in scope to avoid inclusion in the scheme. As with producers and other retailers, online retailers selling in-scope products should contribute to the implementation and delivery of a DRS and have an obligation to change their behaviour through promoting the sale of products in recyclable and reusable containers.

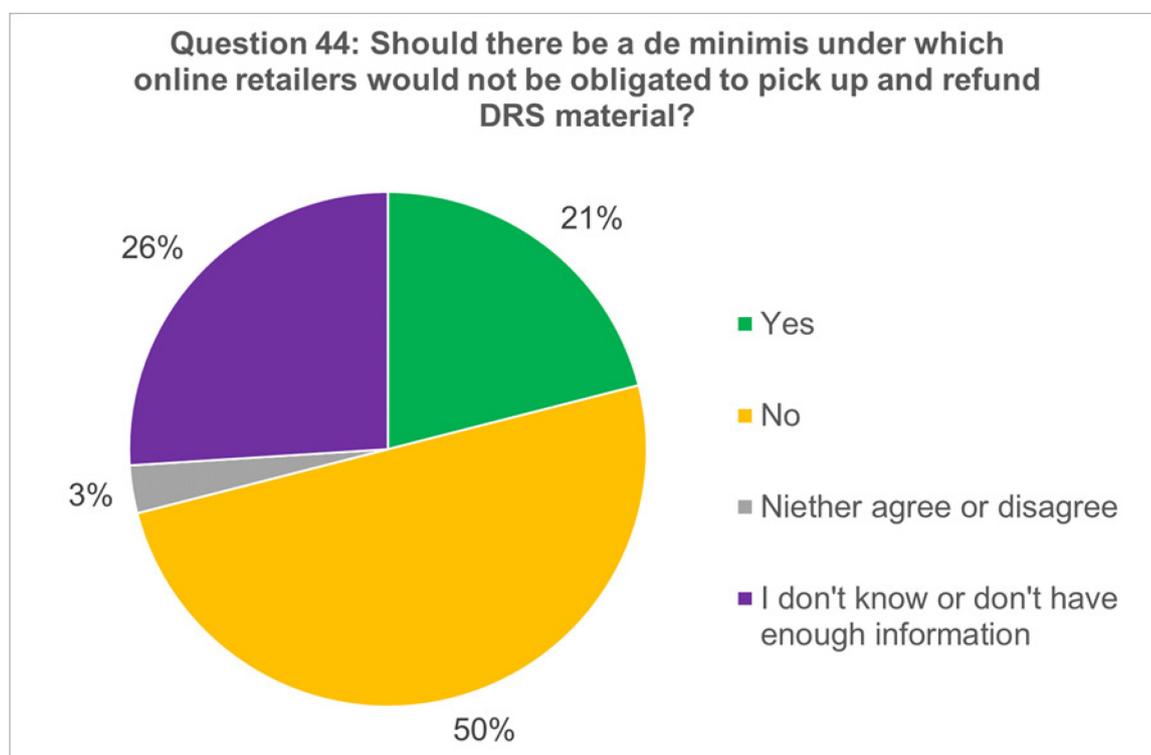


Figure 15: Should there be a de minimis for online retailers?

The small number of respondents who stated that a de minimis should be applied to online retailers were clear that only SMEs should be exempt, and their exemption would be based on size of business (floor space), the number of in-scope products stocked, and the number of sales made. Clear and enforceable thresholds for these measures would need to be applied to any decision-making process.

On-trade sites

There will be occasions where drinks in scope of a DRS will be sold on the premises of on-trade businesses, such as hotels, bars and restaurants, and drunk on site. These businesses often collect and sort empty drinks containers themselves via waste contracts, which can be costly. The costs of sorting in-scope containers could be reduced through businesses receiving a small 'handling fee'. Businesses pay the deposit and redeem this when they return the empty drinks containers. This system operates very effectively in several other countries, including Norway. If customers remove drinks from the premises, businesses can decide to charge and refund the deposit if the bottles are returned.

Four predominant views were put forward for how on-trade businesses could be addressed within a DRS scheme. Firstly, it was argued that these businesses should not be treated any differently to retailers. If hotels and restaurants sell in-scope drinks, they should be expected to collect and return the containers and have responsibility for refunding deposits to the consumer.

'The UK is not reinventing the wheel here. Norway and Germany can be looked to, but if a pub can buy the items, they can arrange their return'. (Individual)

Secondly, on-trade businesses already have the infrastructure in place to sort and return bottles as part of their waste contracts. These contracts can be costly, but they can also be easily adapted to cater for in-scope containers. The only additional component would be the financial management associated with the return of deposits.

Thirdly, and related to the issue of waste contracts, given that on-trade businesses are already sorting and recycling their bottles, respondents did not think they needed to be included in the DRS. The DRS is more about encouraging behavioural change among producers, retailers and consumers who are not engaging in environmental concerns or with recycling. Fourthly, some respondents argued that inclusion of on-trade sites is not necessary because the containers should never leave the premises, meaning a deposit for returning them is not needed.

The role of local authorities

Local authorities are recognised as important stakeholders for a DRS due to its interaction with their waste collection duties. These duties and how they interact with a DRS will be critical to the overall achievement of wider policy and legislative objectives for the UK government and devolved administrations. As set out in the Resources and Waste Strategy for England, the UK government will make sure that local authorities in England are adequately resourced to meet new net costs arising from policies in the strategy, including the implementation of a DRS.

Alongside the kerbside collections from residential properties, which provide local authorities with a valuable revenue stream, many local authorities also provide some form of collection system for commercial properties within their area, especially those located in

town centres or along the household collection rounds. A growing number of local authorities have identified commercial waste collections as an important part of their wider collection services to offices, small corner shops, restaurants, pubs and hotels.

Local authorities and the potential role they could play in a multi-faceted approach to achieving strategic objectives, make it important to dedicate resource to understanding how a DRS could impact local authorities. The views of local authorities have permeated throughout this analysis, particularly regarding concerns about lost revenue from kerbside collections.

Several additional questions were asked with the objective of addressing local authority concerns in more detail. An overview of responses to these questions have highlighted several positive impacts:

- cost savings from less waste and reduced littering
- flexibility to target resources at different council services
- available income from unredeemed deposits (if it was decided to use the funds to support local authorities)

Respondents also identified several issues and concerns:

- disruption to existing council collection schemes (both household and commercial)
- loss of revenue from reduced collection and other recycling services
- further reductions in available local authority funding as finances are diverted to DRS set-up and operational costs
- additional capital investment for local authorities with responsibility for collecting waste from designated DRS return points

Considerations for local authorities as part of an operational DRS

In focusing on specific questions, respondents were first asked if local authority considerations should be taken into account when deciding to implement an 'all-in' or 'on-the-go' scheme. Respondents identified the following four issues:

1. **impacts of DRS on local authority revenues currently derived from household and commercial collection services.** The main concern among local authorities is the financial impact of implementing a DRS. In particular, the perceived loss of revenue streams from kerbside collections. Previous responses to earlier questions in this consultation have raised concerns about IA findings in this area, with many local authority respondents calling for more financial modelling to be completed and for a greater focus on identifying and mitigating any detrimental or unintended

consequences of a DRS. The impact on households who currently recycle at home (and might not redeem their deposit) will need to be considered.

2. **use of profits and unredeemed deposits to fund kerbside collections and other services.** An alternative approach, that local authorities suggested, is to use profits and money collated through unredeemed deposits to cover losses from kerbside collections and to fund other activities
3. **implementing an ‘on-the-go’ scheme to minimise impact on local authorities.** The majority of respondents, including Greenpeace, the Marine Conservation Society and 38 degrees, would like to see an ‘all-in’ DRS, which covers all the materials and container types detailed in the consultation. However, some respondents stated that an ‘on-the-go’ DRS would operate more effectively alongside the extended producer responsibility scheme and existing kerbside collection
4. **the role of local authorities in a multi-faceted approach to recycling and single use plastic reduction.** Some respondents viewed that the operation of the DRS needs to fit seamlessly into the existing infrastructure and add value to the activities already taking place. Rather than perceiving the DRS as being in direct competition with existing schemes, a change in emphasis is needed to see how each scheme and key stakeholders can operate harmoniously together.

Considerations for policy makers

Respondents have re-iterated many of the issues discussed above, as considerations for policy makers. Policy makers are being encouraged to do more work on the impact assessment and ‘plug in’ more specifics on direct financial costs and potential costs and benefits of the DRS. Local authorities would like to see a more detailed assessment of additional costs that could be incurred for setting up the DRS and be involved in discussions about how unredeemed deposits could be used to support their activities.

Local authority views on the benefits and disadvantages of DRS to their council

The benefits and disadvantages of the DRS as suggested by respondents have been discussed throughout this report and are summarised in the table below:

Table 10: Benefits and disadvantages of a DRS to councils, as suggested by respondents

Benefits of the DRS	Costs or disadvantages of DRS
Cost savings from reduced littering and reduced waste	Risk of net additional costs to local authorities
Increased recycling rates	Loss of revenue from recycling
Local authorities suggested unredeemed deposits could be used to offset costs and fund their other activities	Difficulties with integrating schemes across devolved administrations
Changing attitudes towards recycling, single use plastics and container manufacture	

Collection of waste from designated DRS return points

Local authorities could have a role to play in collecting commercial waste containing DRS materials from designated return points and could compete with private collectors to service return points. The consultation asked if any issues associated with this role need to be considered as part of the DRS.

The main issue identified in the verbatim responses was the potential for local authority costs associated with collection to be covered in full through circular financial flows within the scheme or from government funding. Other issues identified included:

- additional vehicles and storage facilities to cope with the extra materials
- processes for separating DRS materials from local authority collected materials

Operational management of a DRS

The role of the Deposit Management Organisation (DMO)

Defra has proposed the establishment of an independent industry/trade association-led organisation to manage the implementation and day to day running of the scheme. This Deposit Management Organisation (DMO) would be responsible for:

- financial and material flows
- operational logistics (making sure that collected materials reach the recycler)
- maintenance of the physical infrastructure (reverse vending machines and return points)
- meeting high collection and recycling targets set by the government
- reporting on scheme performance to the government

Meeting government targets for collection and recycling

Initially, the consultation asked for views on whether the DMO should be responsible for meeting high collection and recycling targets set by government.

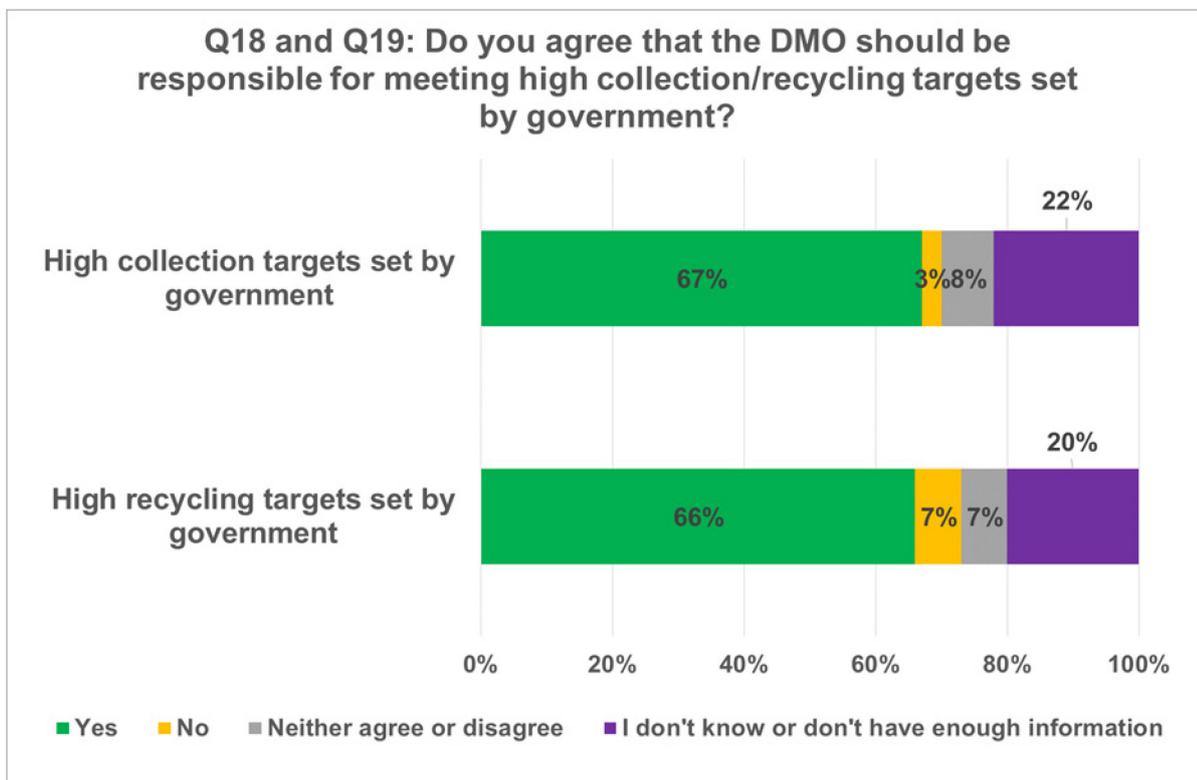


Figure 16: Responsibility of the Deposit Management Organisation (DMO) for high collection and recycling targets

In both instances, the majority of respondents stated that the DMO should be responsible for meeting government targets. There were no significant organisational variations, with 72% of local authorities and 68% of individuals agreeing. Respondents stated that targets need to be high to incentivise recycling and that accountability for meeting or missing these targets should clearly rest with one organisation. Related to the issue of responsibility, respondents agreed that the DMO should have regulatory oversight of the scheme, which would include monitoring the scheme’s contribution to recycling rates and performance against other key measures.

‘The main method to get the public as a whole involved in this will be to ensure it is convenient. The DMO should be held to account as failure to meet targets will likely be due to lack of convenience or lack of promotion, both of which should be responsibility of the DMO’. (Individual)

Respondents were also clear that both the DMO and monitoring and regulatory body should be not-for-profit and entirely independent from central government. Once the scheme has been set up, the DMOs engagement with government should be limited to reporting on performance against targets.

Collection and reporting of performance data and recycling rates

Two specific questions were asked about the DMOs role in ensuring accurate collection and reporting of data from RVMs and manual return points.

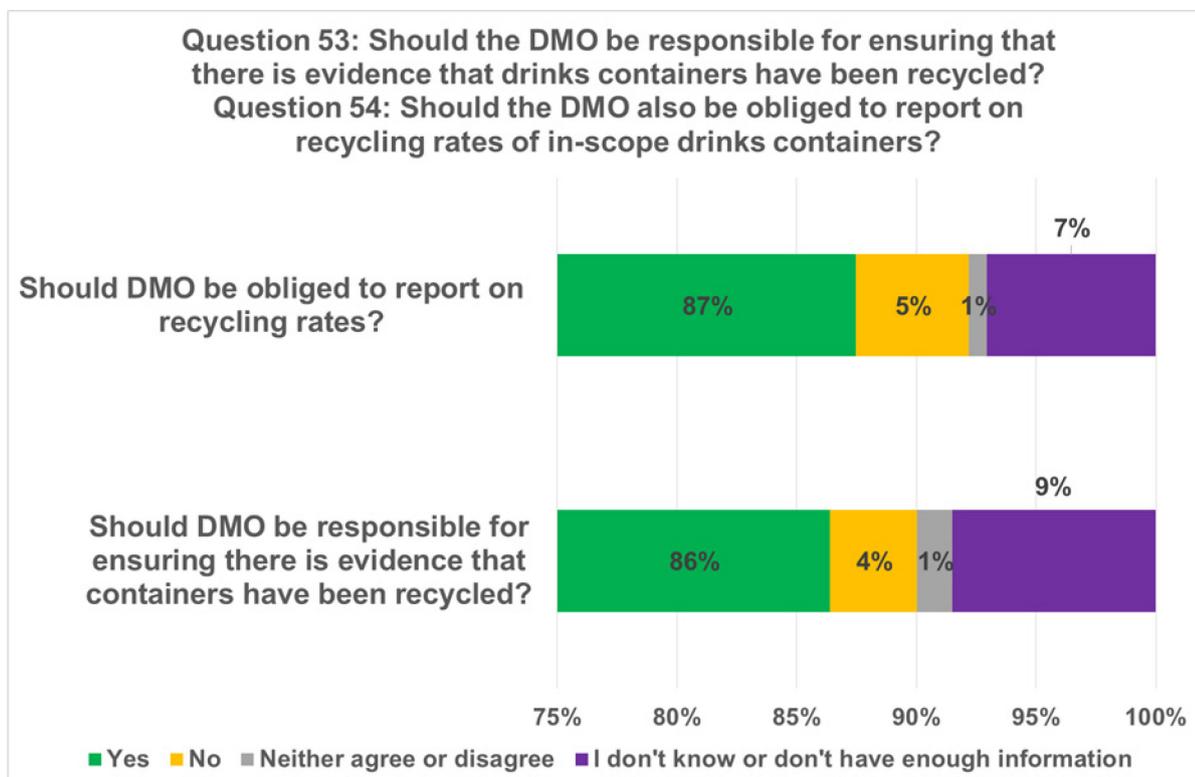


Figure 17: Responsibility for providing evidence and reporting

The large majority of respondents were clear that the DMO should be responsible for making sure that evidence exists to prove that containers have been recycled and that this, alongside recycling rates for in-scope drinks, should be reported to government. Accurate and up to date evidence that containers are being recycled were cited as important for three reasons:

- data will be used to evaluate the effectiveness and impact of the scheme.
- positive results are more likely to encourage behavioural change and continued participation
- transparent reporting of scheme performance will promote trust among producers, retailers and consumers.

Other roles and responsibilities

Alongside responsibilities to meet and report on recycling and collection targets, the government proposed several other roles and responsibilities for the DMO. The consultation asked whether respondents agreed with these other responsibilities, the responses are set out in Table 11.

Table 11: Other roles and responsibilities

	Yes (all)	No (all)	Neither agree nor disagree	I don't know or don't have enough information	TOTAL	Total responses
Advise government on the setting of the deposit level/s	75%	6%	6%	13%	100%	835
Set producer/importer fees	64%	6%	9%	21%	100%	828
Be responsible for tracking deposits and financial flow in the DRS	84%	2%	4%	10%	100%	836
Set and distribute the handling fees for return points	79%	3%	5%	13%	100%	830
Be responsible for ensuring that there are appropriate return provisions for drinks containers in place, and that these are accessible	83%	4%	4%	9%	100%	834
Be responsible for maintenance of reverse vending machines (RVMs) and provision of bags/containers to those running manual return points	74%	9%	5%	13%	100%	833

Own the material returned by consumers	59%	8%	9%	24%	100%	827
Reimburse those transporting returned drinks containers to recyclers/counting/sorting centres - and manage these contracts	73%	5%	6%	16%	100%	831
Fund counting/sorting centres - and manage the contracts for counting/sorting centres	72%	4%	7%	17%	100%	828
Be legally responsible for meeting high collection targets set by government for drinks containers within the scope of DRS	70%	5%	7%	18%	100%	819
Measure and report recycling rates to government	87%	3%	3%	7%	100%	834
Run communications campaigns to aid consumer understanding of the DRS	85%	2%	4%	9%	100%	833

The majority of respondents agreed with government proposals that the DMO should have these additional responsibilities. Over 80% agreed that the DMO should be responsible for:

- measuring and reporting recycling rates to government (87% of 834 respondents)
- running communications campaigns to aid consumer understanding of the DRS (85% of 833 respondents)
- tracking deposits and financial flow in the DRS (84% of 836 respondents)
- ensuring there are appropriate return provisions for drinks containers in place and that they are accessible (83% of 834 respondents)

Although still a majority, lower proportions of respondents agreed that the DMO should be responsible for setting producer or importer fees (63% of 828 respondents) and owning the materials returned by consumers (59% of 827 responses).

The general trend for all but one responsibility is for between 10 to 20% more local authorities stating 'Yes'. The one responsibility where the views converge is for the DMO to be legally responsible for meeting high collection targets set by government. The biggest differences between local authorities and individuals were for monetary issues, notably:

- setting producer and importer fees (85% v 58%)
- owning the material returned by consumers (80% v 54%)

There are no particular reasons identified for these differences.

Transparency of financial flows

The consultation proposed that the DMO would be responsible for the financial flows in the DRS and consider it vital that these flows are managed fairly and transparently. The consultation asked respondents how these transparent financial flows could best be achieved.

Three separate but interrelated options for reporting on financial flows and performance were identified:

1. **requirements for publication of financial and wider scheme performance data:**
'Accurate and digitalised reporting of the flows for each product around the system may be costly but would ensure that all parties are fully able to view where their products and deposits are going'. (Individual)

2. **making these reports available to stakeholders and the public:** *'All information should be submitted online through a dedicated DRS portal that will ensure that all financial flows are monitored and that interested parties can review how the DRS scheme is working'. (Individual)*

3. **implementation of regular and independent audits:** *'The DMO will have responsibility for high levels of finance flowing throughout the system, therefore there is the requirement for strict governance. The DMO should be a not for profit organisation with an obligation to produce annual accounts and be subject to auditing. This will provide the transparency required and mitigate the risk of fraud'. (Individual)*

Composition of the DMO management board

The consultation proposed that the leadership of the DMO should be representative of, and trusted by, drink producers and retailers, as well as consumers. Although some DRS schemes in other countries are managed by government, respondents stated their preference for the day to day running of the DRS to be entirely independent and run by a not for profit organisation.

The consultation also proposed the involvement of industry trade associations for producers covered by the DRS. Trade associations would be close to the drinks market, and well placed to consider deposit levels via consultation with their membership.

Respondents were asked what bodies should be represented on the management board of the DMO. This question should have been a multiple response; however, respondents could only select one option. For this reason, none of the 574 respondents to this question selected 'other'.

Table 12: Representation on the DMO management board

Type of organisation	Percentage of respondents (%)
Industry	18%
Government	28%
Trade Associations	28%
Companies	26%

Table 12 above, indicates that the majority of respondents would expect all of the above bodies to be represented on the DMO management board. However, there were differing views on the inclusion of government and industry representatives. Some felt that industry representation, particularly from producers and retailers, is necessary, as they would bear

the costs of the scheme and have their activities monitored and regulated throughout. However, respondents also considered that the DMOs role in the regulation and monitoring of producer activities would make it very difficult for them to be included because of their vested interests.

Government involvement in the DMO

The majority of respondents thought that the day to day running and management of the DRS should be entirely independent from central government, and that any engagement, after initial set up, should be restricted to reporting performance against key targets.

However, the large majority (74%) of respondents agreed that the government has a role to play in the initial set-up of the DMO body. This figure increased significantly to 95% of local authorities but decreased to only 48% of manufacturers. There were no other organisational variations.

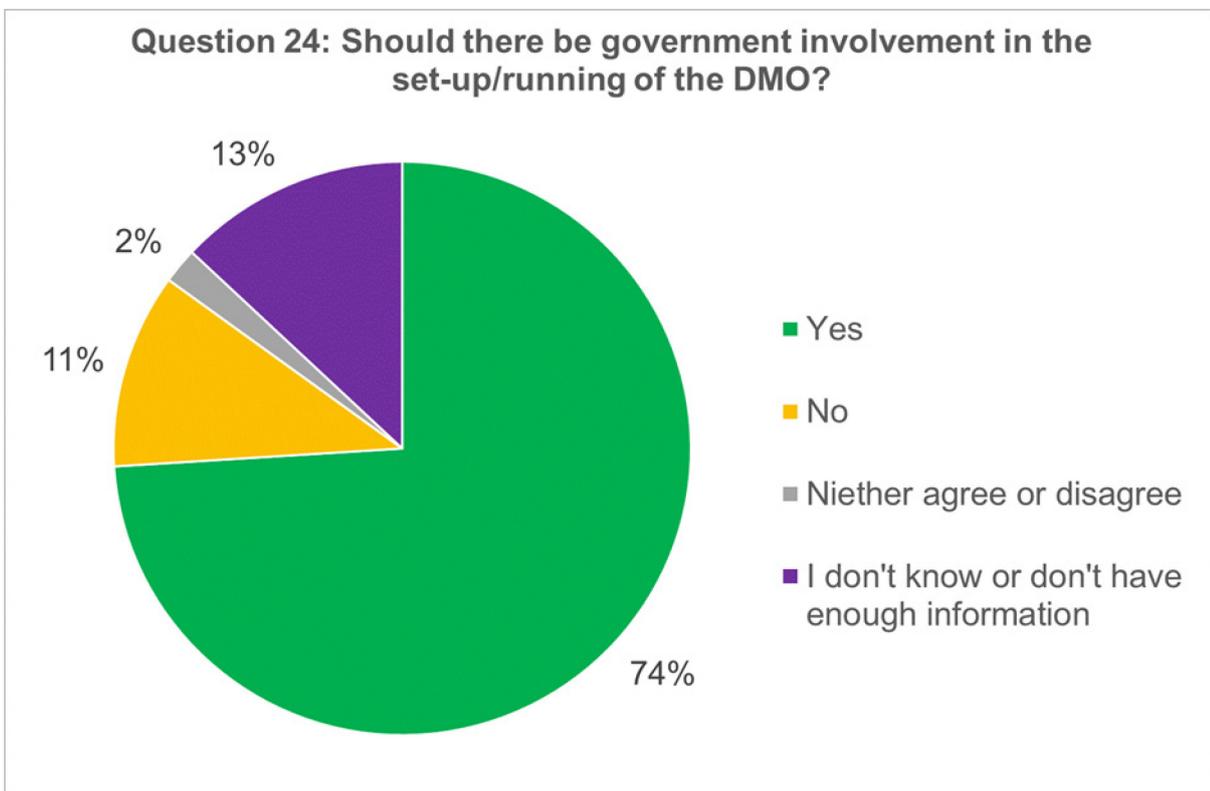


Figure 18: Should there be government involvement in set-up of the DMO?

Finance and administration of the DRS

The finance and administration of the DRS is divided into the following parts:

- set-up costs, including the costs for establishing the DMO and the provision of reverse vending machines (RVMs)
- operational costs, including what responsibility producers should have towards funding these costs
- deposits, focusing attention on what the deposit value should be, how they should be redeemed and what should happen to unredeemed deposits

Set-up and operational costs

Collectively, we endorse the principle of full-net cost recovery, meaning that producers cover the net cost (taking account of revenue from the sale of materials) of managing their products at end-of-life. The set-up of a DRS would be subject to the same principle. That is, were a DRS to be introduced, producers would meet their full-net cost recovery obligations for in-scope drinks containers by being part of a DRS. The consultation document outlined the set-up costs to producers, most notably the provision of the RVMs and setting up counting/sorting centres as appropriate. It also outlined the operational costs proposed to be covered by producers, namely, funding the collection, transport, sorting and treatment of packaging waste, funding consumer communication campaigns and the clean-up costs of littered packaging items.

Respondents were asked if they agreed with the proposals for producers to cover the set-up costs of the DMO, and for producers to cover the operational costs of a DRS.

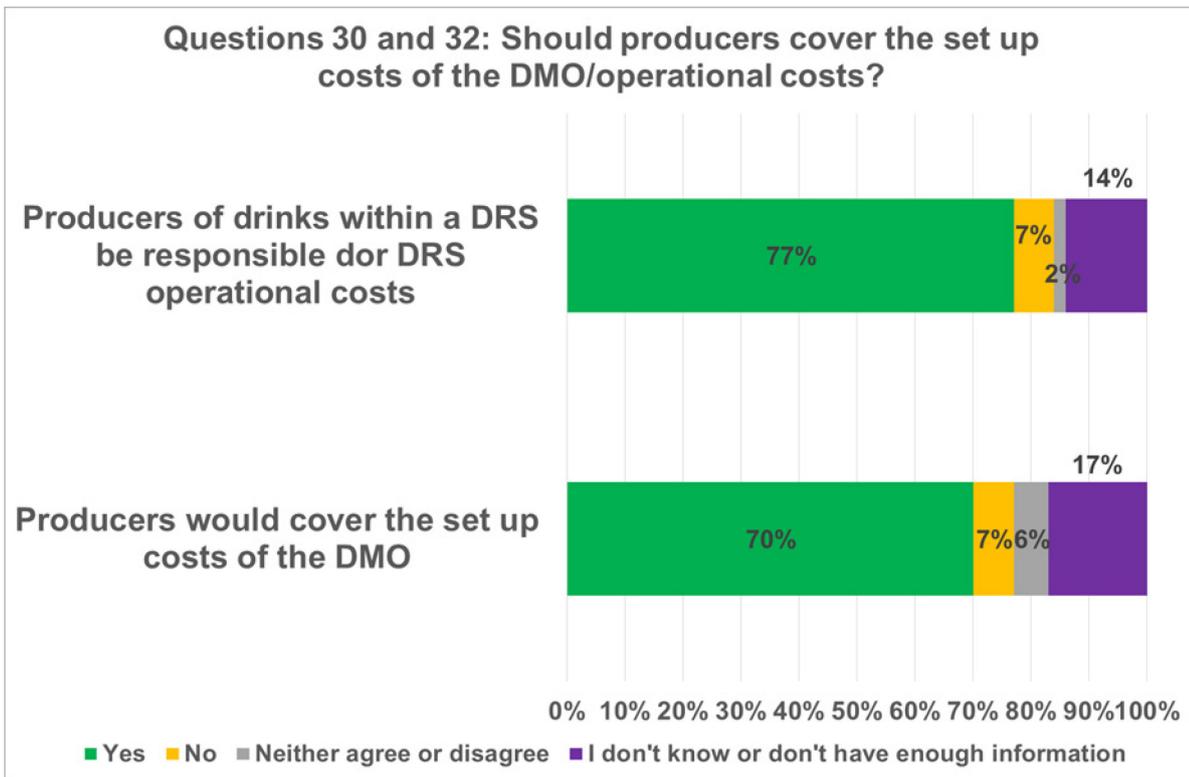


Figure 19: Producers involvement in set-up and operational costs

The majority of respondents stated that producers should cover the DMO set-up costs, with only 7% thinking that others should be responsible. There were differences in responses between organisational types: local authorities and waste management companies were in strong support of the proposals, whereas the majority individuals, manufacturers and trade bodies supported the proposals, but to a lesser extent (see Table 13).

In line with views on set-up costs, the majority of respondents (77%) thought that producers should also cover the operational costs of the scheme. The majority (83%) of respondents who provided a reason for their view, were again clear that the ‘polluter should pay’. A small number of respondents argued that smaller producers should not be expected to contribute to the scheme’s operational costs, as doing so could limit their competitiveness and their willingness to invest in alternative packaging materials.

Some respondents believed that, if the financial flows were given sufficient consideration, the DRS could become self-sustaining with operational costs covered through a combination of annual regulatory costs paid by producers, revenues generated through collection and recycling of materials and re-investment of unredeemed deposits.

Table 13: Should producers cover DMO operational and set-up costs?

Respondent organisation type	Set-up costs (% stating 'Yes')	Operational costs (% stating 'Yes')
Local authorities	93%	92%
Individuals	62%	63%
Manufacturers	64%	60%
Trade bodies	56%	81%
Waste Management Companies	80%	67%

Almost all local authorities thought producers should be responsible for covering DRS set-up and operational costs. Their concerns related to the loss of revenue from kerbside collection schemes, the cost of establishing a DRS and how these could both impact their financial resources.

Of the 319 respondents who provided a reason for their response, 62% believed that producers, and particularly those that manufacture single use plastics, have a responsibility, as well as a moral obligation, to develop alternative packaging materials. It was viewed by a further 7% that because producers are responsible for manufacturing the plastics and other packaging materials that contribute to littering and waste production (which consumers create through not disposing of their rubbish properly), it 'only follows' that the 'polluter should pay' part of the set-up and financial costs for establishing a DRS.

'Producers produce this material that is almost unremitting in terms of waste, negative impact on the environment and health and should therefore be responsible for all aspects of its reduction and mitigation'. (Individual)

Among respondents who were more sceptical about the establishment of a DRS, it was felt that producers and government would simply transfer the costs to the consumer via taxation and increases to average drinks prices

The deposit

The consultation sought views on the how the deposit could be applied in the scheme.

Optimum deposit level

Respondents were first asked to consider what the optimum deposit level would be to incentivise the return of drinks containers.

The views expressed in response to this question were varied, and are detailed in Table 14 below, but respondents did appear to settle on a deposit level between 20 and 50 pence. There were a high proportion of 'other' responses that could not easily be coded. These have been removed from the quantitative data and reviewed qualitatively.

Table 14: Views on optimum deposit level for DRS

Optimum deposit level	Percentage of respondents (%)
Range from 20-50p - High enough to change consumer behaviour.	28%
10-40p - No reason given.	20%
Follow other countries pricing models.	15%
Minimal charge 5-10p.	13%
Range from 10-30p - Graduated pricing depending on size of container and/or type of material.	8%
Minimum charge of 15p.	7%
50p or above - No reason given.	6%
10-20% incentivise action without deflating sales. Acceptability.	3%

The majority of respondents who provided a view most commonly stated a deposit of between 10 and 50 pence (63%). 15% of respondents thought that lessons could be learnt from the deposit levels established in other countries and a 'best fit' decision taken based on the deposits used in other schemes. 13% of respondents thought the charge should be minimal and no more than 10p. However, the same respondents were not sure such a charge would influence consumers to change their current attitudes towards recycling.

Among the 'other' responses, deposit levels ranged from as low as 5 pence to as high as £4. What was clear from these responses was the suggestion for flexibility in the deposit level to reflect changing recycling targets and government policy. This is not flexibility in terms of variable deposits for different products, but flexibility for government to change any flat rate or variable deposits assigned. Some examples of responses are detailed below.

'Targets and deposit level should be low enough to not incentivise fraud or material switching to those outside of the scheme. There also needs to be a level of flexibility to adjust the deposit in line with changing recycling targets. The targets need to be set in line with the governments recycling targets to ensure the scheme's objectives are met'. (Individual)

'The optimum deposit rate depends on the specification for the on-the-go container. There are different costs to producing and recycling different specification containers. However, to avoid confusion we consider that one deposit level should be set for all on-the-go containers. This should set a level which covers DRS costs and encourages people to use the DRS'. (Individual)

Flat rate vs variable deposit values

The consultation put forward two options for setting the deposit level. A flat rate, where the deposit is the same for all containers or a variable deposit level that could, for example, be dependent on material or size of drinks container.

The majority of respondents (57%) thought that the deposit level should be a flat rate. Respondents believed that having a flat rate across all in-scope drinks containers would be the simplest approach to implement and operate the scheme. Scheme financials and revenue forecasts would be easier to calculate, and consumers would be less confused about the deposit they are paying and receiving back via refunds. There were no significant differences for local authorities (53%), however, only 45% of individuals thought there should be a flat rate deposit.

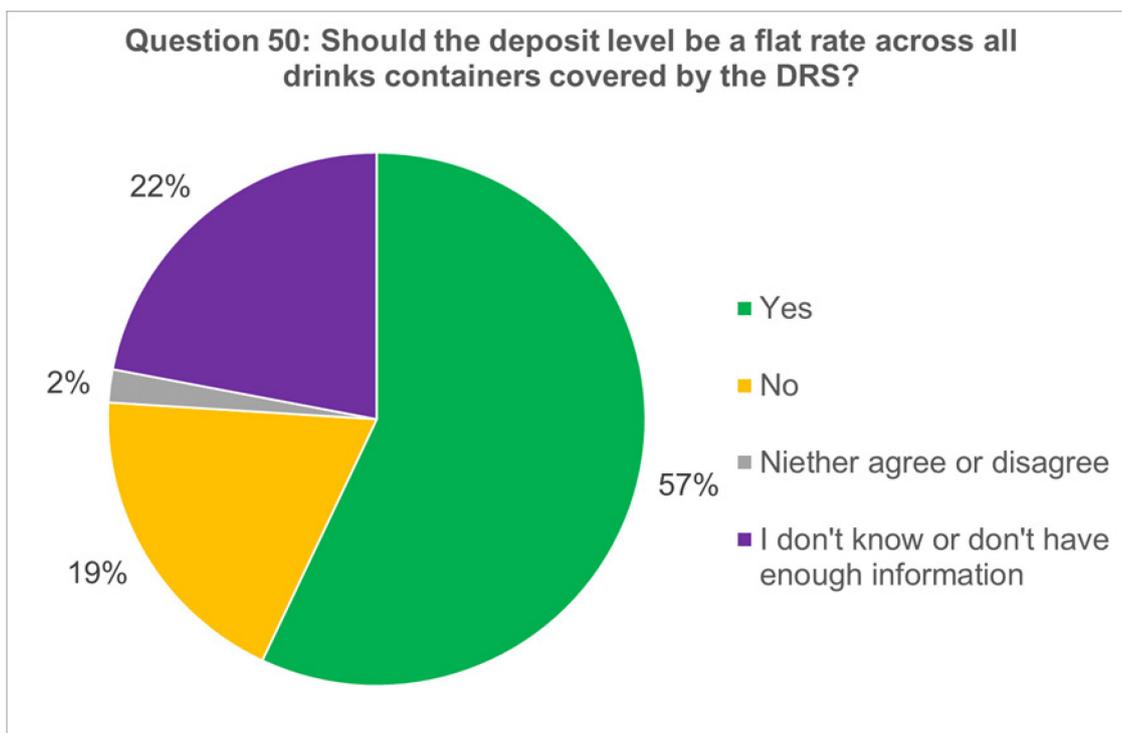


Figure 20: Should the deposit level be a flat rate?

Some respondents (19%) were against the idea of implementing a flat rate, instead preferring to establish variable deposit rates. These respondents had different views on the criteria that could be used to set variable deposits. Table 15 summarises the most commonly cited.

Table 15: Criteria for establishing variable deposit levels

Criteria	Percentage of responses (%)
Vary by cost of product	24%
Vary by size - no order given	18%
Vary by material - ranking of materials not stated	15%
Vary by other	15%
Vary by size - larger containers higher rate	13%
Vary by multiple factors	9%
Vary by material - plastic higher rate than glass	5%
Vary by material - glass higher rate than plastic	1%
Vary by size - smaller containers higher rate	1%

Slightly more than a third (34%) of the 131 respondents who preferred a variable deposit viewed container size as the best mechanism for setting deposit levels. 18% did not provide any order, but 13% stated that larger containers should have higher deposits.

‘Containers of 500ml (one-half litre) or smaller should carry 15 pence (20 US cents) deposit. Larger containers should carry 25 pence (33 US cents) deposit. According to Jurgen Resche of Deutsche Umwelthilfe, refillables carry deposits of 8 to 15 Eurocents in Germany’. (Community Group)

Almost a quarter (24%) of respondents thought that the cost of the product was the most appropriate way to set deposit levels. Cost was interpreted in two ways:

- cost of the product to the consumer (price). The higher the price of the product, the more the deposit. The deposit should be a certain percentage of the price
- cost of collecting and recycling the container. The higher the recycling costs, the higher the deposit

21% of respondents stated the deposit should depend on the packaging material. There were suggestions that plastic containers should have higher deposits due to the environmental impacts associated with them. Some respondents stated that glass should have a higher deposit value due to the risks that broken glass poses.

Deposit levels for multipack containers

Respondents were asked if alternative deposit levels should be applied to multipack containers. The majority of respondents (75%) stated that the deposit level should be the same for both single and multipack containers.

As was the case for flat vs variable deposit levels, 78% of local authorities and manufacturers did not think there should be an alternative deposit level, compared with 60% of individuals. However, 17% of individuals stated they did not know or did not have enough information to provide an answer, while a further 11% did not answer at all.

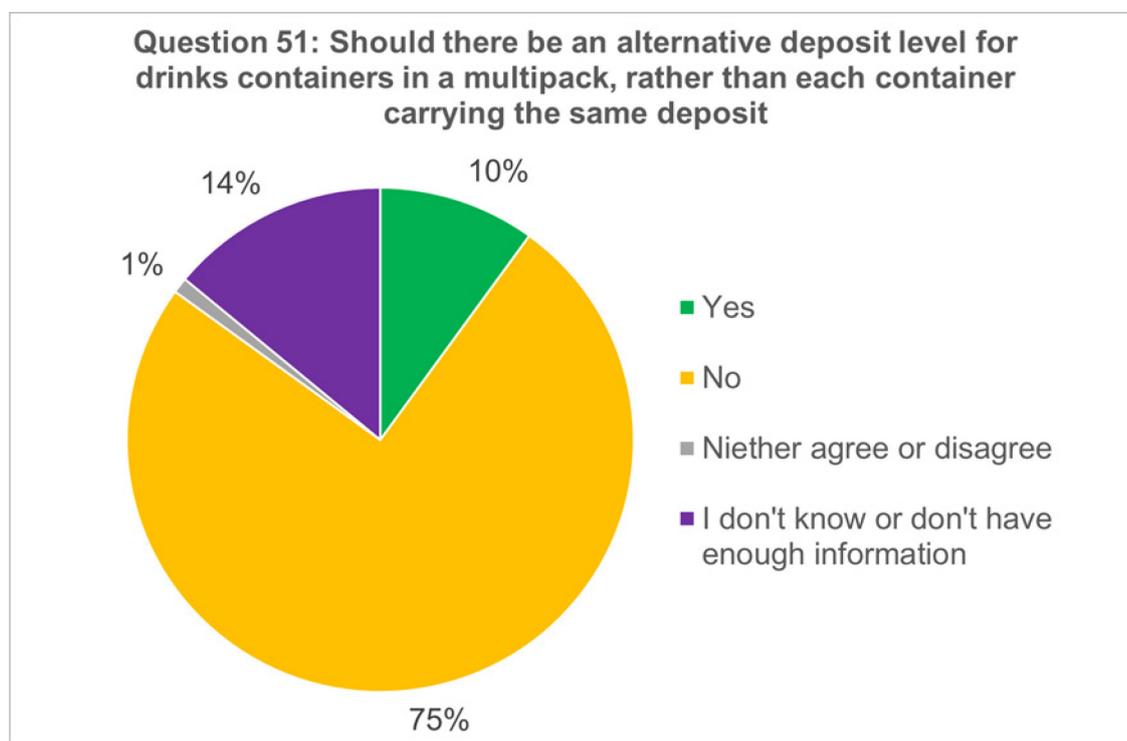


Figure 21: Alternative deposit level for multipack drinks containers

Respondents against the establishment of alternative deposit levels, argued that the containers are the same and will be processed in the same way. As in previous answers, it was cited that having the same deposit levels will reduce confusion and make the implementation, operation and monitoring of the scheme easier.

Options for redeeming deposits

Respondents were given five mechanisms for redeeming deposits and were asked to select all the options that could be effectively *implemented*. Table 16 shows that all the options proposed in the consultation were popular with respondents. Almost three quarters (73%) thought the deposits could be donated to charity, while two thirds stated that digital transfer or a refund onto a debit card could easily be used to refund deposits to consumers. Cash refunds were the least popular option, with concerns that return points could be targeted by criminals, while it was felt that printed vouchers would limit consumer spending choices and produce more waste.

There were no significant differences by organisation type.

Table 16: Options for redeeming deposits

Option	Percentage of respondents (%)
Donate deposit to charity	73%
Digitally	67%
Return to debit card	67%
Voucher	58%
Cash	51%

The majority of respondents stated that providing several options for redeeming deposits would allow for greater inclusivity and would be more likely to promote higher levels of recycling.

Unredeemed deposits

In a well-functioning DRS, and with the government's high collection targets, the level of unredeemed deposits should be low. However, evidence from the operation of DRS in other countries has shown that unredeemed deposits are significant enough to part-fund the scheme. Defra sought views on whether unredeemed deposits should be used to part-fund the DRS or should they be passed to the Exchequer.

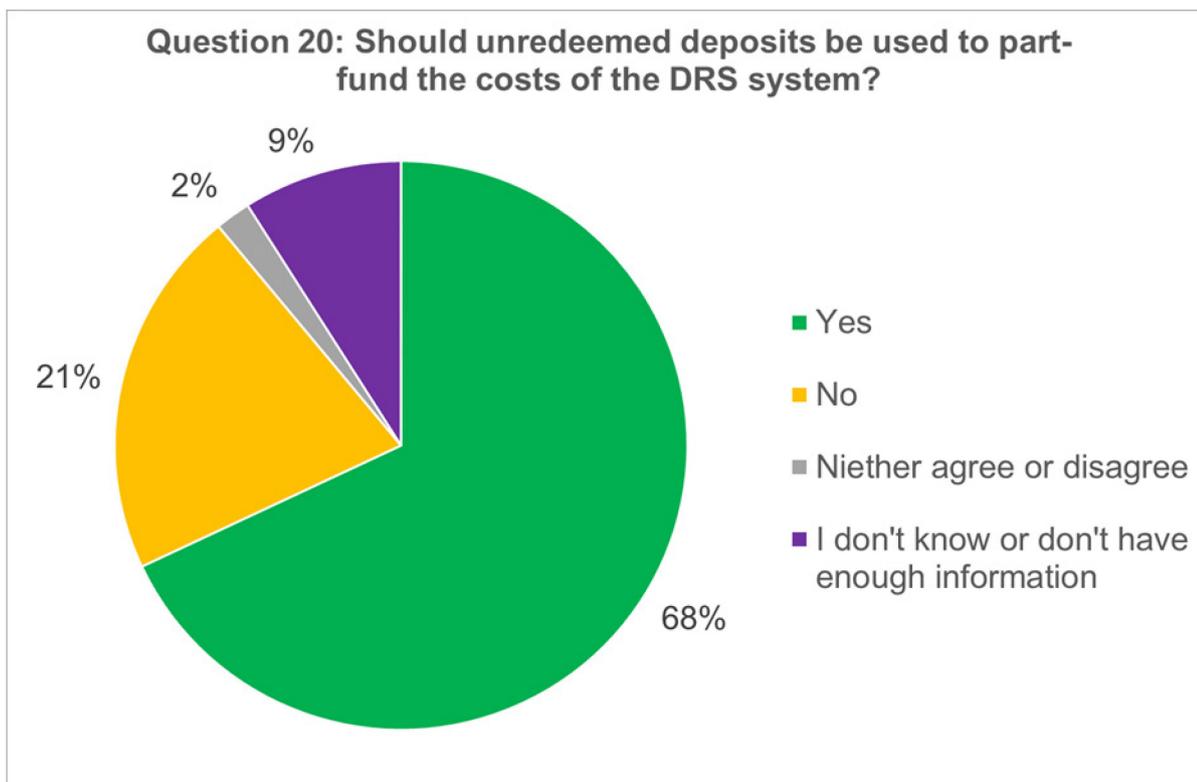


Figure 22: Using unredeemed deposits to part fund costs of DRS

The majority of respondents stated that unredeemed deposits should be used to fund DRS costs. This would help the scheme to become self-financing and reduce the financial burden placed on producers and consumers. However, a large minority, particularly local authority respondents (64%), disagreed with the proposal and put forward alternative ways in which unredeemed deposits could be put to good use. These included:

- passing the money to local authorities to fund kerbside collection schemes and cover any perceived reductions in revenue that ‘could’ result from the implementation of a DRS. (This was the most common alternative that local authorities identified)
- giving the money to charitable organisations, particularly those with a focus on climate change and the environment
- giving the money to local community groups to support litter collection and recycling initiatives
- using the money to advertise and market the scheme and its benefits
- using the money to educate the public on the environmental impacts of plastic use, in a bid to change their behaviour and encourage better engagement with recycling

One issue with unredeemed deposits, that respondents identified, is determining when the deposit is considered unredeemed. If this is not thought through, there may be insufficient money to refund deposits to consumers, leading to financial shortfalls.

If Defra and the DMO decided that unredeemed deposits would not be used to part-fund the scheme, respondents were asked if the money should be passed to government.

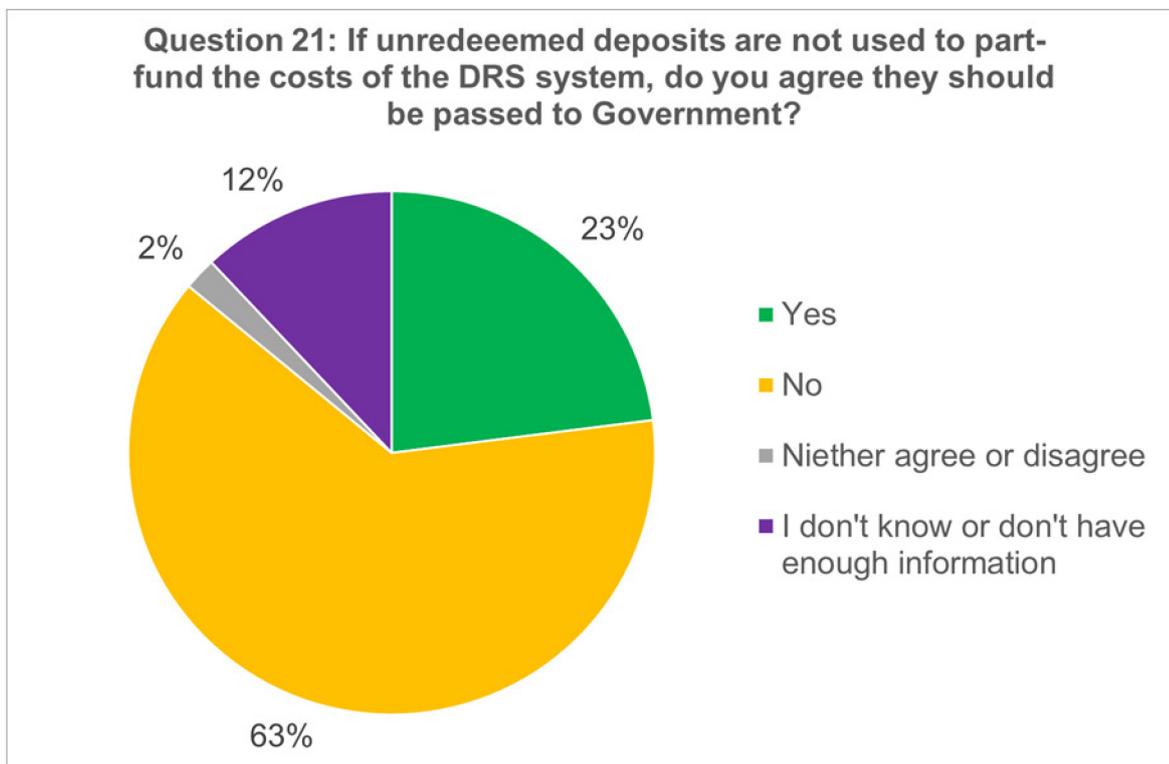


Figure 23: Passing unredeemed deposits to government

The majority of respondents (63%) were clear that unredeemed deposits should not be passed to government, a figure that increased to 82.4% of local authorities. Local authorities again stated that unredeemed deposits should be used to fund kerbside collections and other council activities. Other common alternatives were giving the money to charity or to local community groups.

The significant minority of respondents who stated that unredeemed deposits should be given to government, considered that the money could be used to:

- **fund research into renewable energy:** *'Unredeemed deposits should be used to fund new university/government research into non-fossil energy, improved drinks/food manufacturing coverings etc'. (Individual)*
- **support other environmental initiatives:** *'... they should not go back to a generic "pot" - if not used to fund the DRS, they should be employed for other related environmental needs (cleaning up rivers/oceans of plastic pollution)'. (Individual)*
- **educate future generations about climate change,** the environment and the damage that irresponsible companies are causing to our oceans, water courses and other natural habitats

Monitoring and enforcement

The DMO would be responsible for the operation of the DRS, including the material and financial flows, meeting and reporting the collection targets set by government, and coordinating the financial elements. A single body with operational oversight and responsibility for all aspects of scheme delivery, from setting deposit values to monitoring and reporting on performance, ensures accountability, but only if their activities, and those of scheme participants (producers, importers and retailers), are strictly regulated.

The consultation proposed that there would need to be a separate monitoring and enforcement body, which would be independent from the DMO, producers and those involved in the operation of the DRS. The main enforcement tool available to the body is the imposition of a penalty fine on the DMO for failing to meet collection targets. This fine would then be apportioned to producers. If producers were mandated to join the DMO and did not meet their obligations, they could also receive a penalty in the form of a fine.

Several questions were asked about the:

- environment Agency performing the monitoring and enforcement roles
- frequency of producer and DMO monitoring needed
- proposed approach to enforcement and ensuring compliance

The Environment Agencies

The Environment Agency(ies) could perform the monitoring and enforcement role. The Environment Agencies in England, Wales and Northern Ireland have successfully fulfilled a similar role under the Packaging Recovery Note (PRN) system and respondents were asked to consider if these agencies could perform a similar role for the DRS. Findings in Figure 24 are based on 82 responses and show that the majority agree that the Environment Agencies could perform the role.

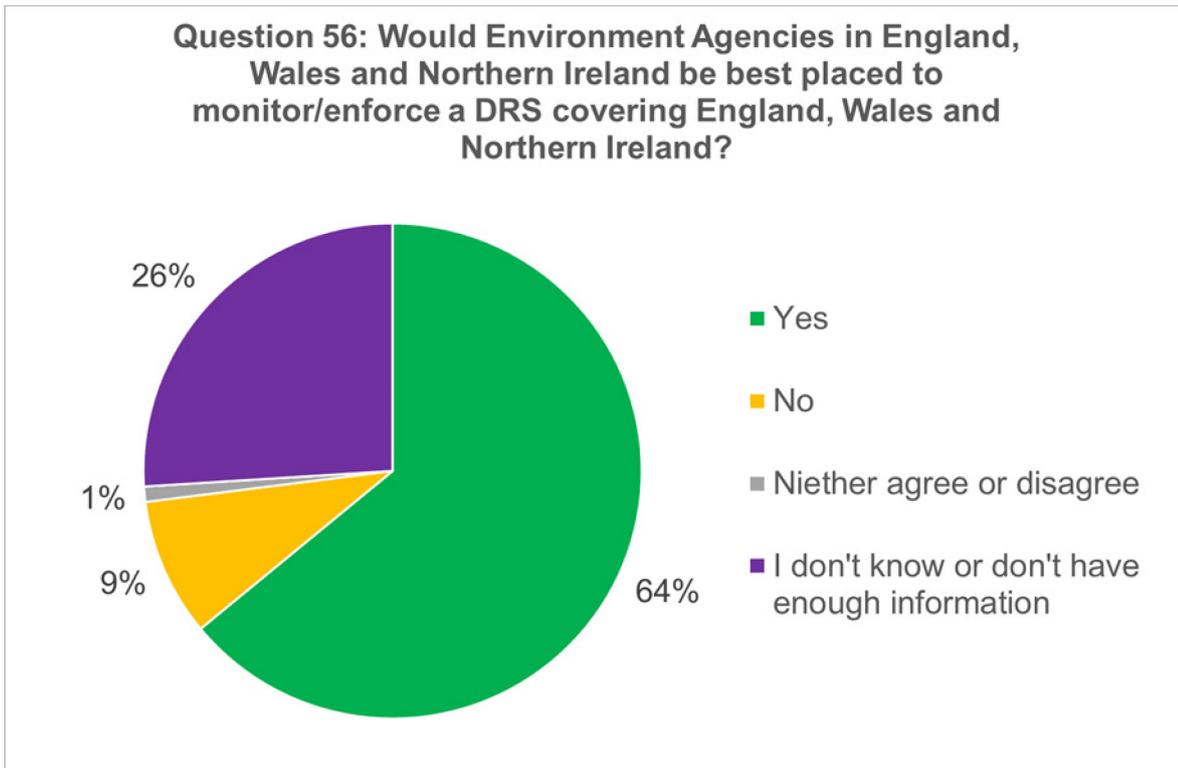


Figure 24: Role of the Environment Agency as monitoring and enforcement body

It was felt that EAs involvement would ‘lend weight’ to the importance of the scheme and highlight the interest of government in its operation and success. However, slightly more than a quarter of respondents (26%) either did not know or felt they did not have enough information to provide an opinion. Only 9% considered that the EAs were not the best organisation, and this view was primarily driven by concerns about their resources to perform the role effectively. There were no significant differences between local authorities and individuals, however, only 40% of manufacturers agreed.

Those who agreed with the EAs as the monitoring and enforcement body also recognised the resource implications of the role and were clear that additional financial, management and administrative resources would need to be made available. In a separate discussion about resourcing, some respondents identified the need for a fraud prevention function within management, operational and enforcement structures. Fraud is always a concern in schemes involving significant and complicated financial flows and a reliance on technology (RVMs). Effective monitoring, regulation and enforcement would necessitate knowledge and experience of fraud prevention and an understanding of other criminal activity that the scheme could attract. Some respondents stated that the resourcing issue could be resolved through contracting out stand-alone roles and responsibilities, with fraud prevention being an obvious example. However, using contractors adds further levels of management and bureaucracy that may inhibit the effective implementation and delivery of the scheme, and their involvement would need to be carefully considered.

Frequency of monitoring

Given respondents' concerns about EAs resourcing, their involvement would depend on the level and frequency of monitoring that government expects.

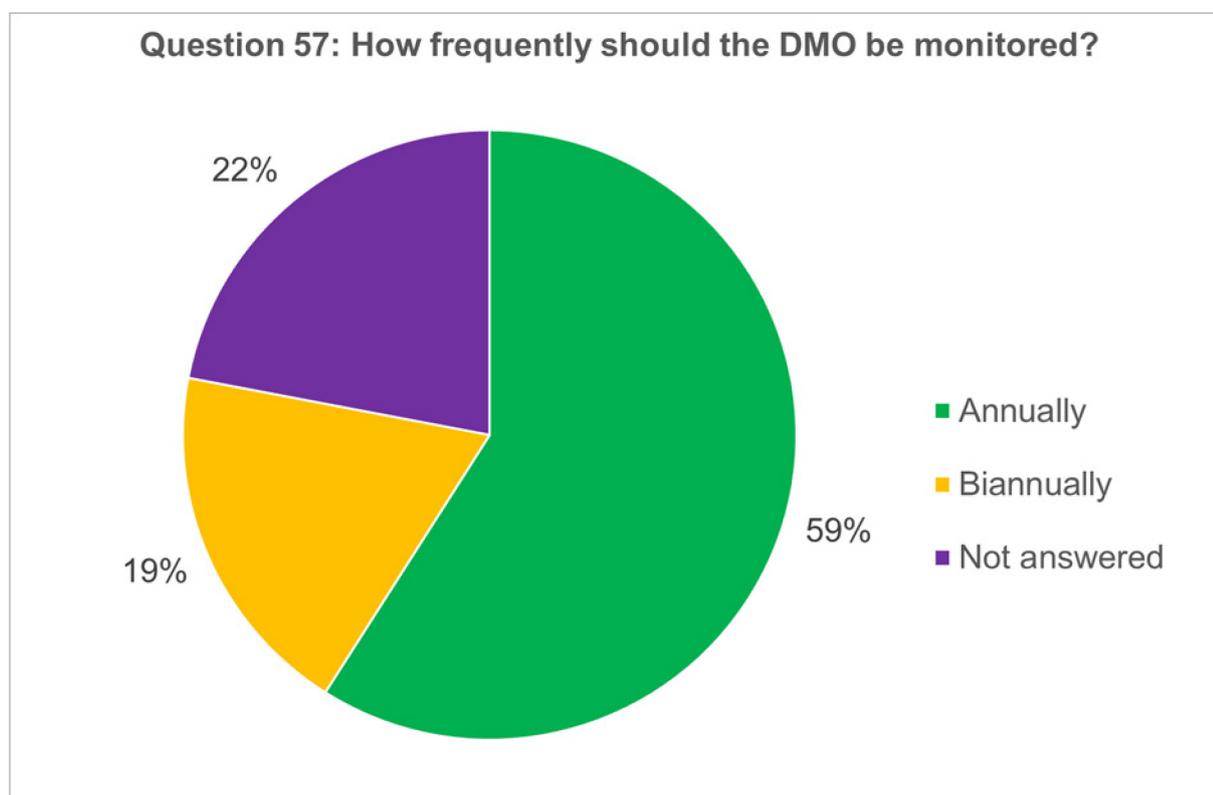


Figure 25: Frequency of DMO monitoring

Of the 131 responses to this question, the majority (59%) stated that the DMO's activities should be monitored on an annual basis, and that this should take place at the end of the financial year. Local authorities (49%) and individuals (56%) were aligned with the overall population, although a slightly higher proportion of individuals (25%) thought the DMO should be monitored twice a year. It would be important for this monitoring to also align with any requirements for independent audit. 19% thought that more frequent monitoring was needed and recommended biannual reviews. One consideration identified in the qualitative responses, was the role of producers and retailers in reporting their activities and the interdependence between their data and any scheme level reports or audits.

One important area of enforcement will be the requirement for producers and retailers to submit audited accounts and any other data by a specified date. Failure to do so will impact on annual reports and audits and should prompt rebukes, written warnings and fines.

Respondents have identified the importance of aligning producer reporting with scheme level reports and audits. The breakdown almost directly mirrors monitoring and reporting

preferences for the DMO, with 55% stating that producers should report their data annually, and 22% preferring more frequent bi-annual reporting.

Approach to enforcement and ensuring compliance

Respondents were asked whether enforcement action should focus on a sample of producers or all producers. Respondents appeared not to agree with this approach, with 50% of 260 respondents proposing a comprehensive approach where enforcement should focus on all producers. 57% of individuals thought a comprehensive approach was necessary, compared with 45% of local authorities. 1 in 5 individuals and 14% of local authorities did not answer the question.

One area of agreement between better regulatory principles and the views of respondents is on who sets the appropriate level of enforcement action, which in the case of DRS is a fine. It was proposed in the consultation document that if the DMO failed to meet collection targets for in-scope DRS materials, there would be a penalty in the form of a fine on the DMO. It would then be the responsibility of the DMO to apportion this fairly to producers. If producers/importers were mandated to 'join' the DMO and did not meet any of their obligations, then they could also receive a penalty in the form of a fine.

The majority (54%) of respondents agreed that fining levels would need to vary according to the seriousness of misconduct or non-compliance and the regulatory body is best placed to do this.

Tackling fraud

The DRS needs to be as fraud proof as possible to achieve its central aims of meeting ambitious recycling targets and influencing a reduction in littering and reducing the negative effects of litter on peoples' wellbeing. Manual return points or alternative collection provisions may be more susceptible to fraud than automated RVMs, where the technology can scan containers to confirm their inclusion in the scheme. Those accepting manual returns would need to check for DRS labelling when taking back containers. There could be the option implement bar code scanning as part of the return process.

Points in the system susceptible to fraud

The consultation asked whether there were any points in the system viewed to be particularly susceptible to fraud. 227 respondents identified several points in the process that could be susceptible to fraud within DRS, the top five of which are discussed below:

1) **return payments at manual return points.** 21% of the above respondents identified risks with manual return points. Respondents were concerned that consumers may try and return out of scope containers in a bid to obtain a refund for them. Staff would need to sift returns to confirm the eligibility of the bottles. This behaviour could be countered through barcode scanning, but the volume of returned containers could make this challenging.

2) **reporting.** A significant minority of respondents (13%) highlighted concerns about producers and even the DMO falsifying data and reports to avoid missing targets and facing a fine. *'The declaration of figures by producers and retailers. Recent accounting scandals in UK regarding large and small companies, including drinks companies show they will commit fraud even, and accountants say it was nothing to do with them'* (Academic or researcher).

3) **use of foreign suppliers.** Importers may claim that foreign drinks suppliers do not have to comply with scheme labelling or other aspects of DRS. 11% of respondents stated that there needs to be legislation to prevent non-British made bottles from being exempt. Related to the exemption of foreign containers, respondents noted that companies could import products to avoid inclusion in the DRS.

4) **misaligned schemes with different container types included, alternative deposit levels and varied approaches for collecting and storing bottles, and for returning deposits.** The consultation was undertaken jointly by England, Wales and Northern Ireland. The Scottish Government consulted on proposals to introduce a DRS for drinks containers in 2018 and announced its scheme design for a DRS in Scotland in early May 2019. Environment Ministers across the DAs have indicated their shared ambition for a joined-up scheme across the UK. Waste and recycling policy is a devolved matter, but Defra is working closely with the Devolved Administrations in delivering our shared ambitions to improve waste and recycling outcomes and promote resource efficiency in the UK. 8% of respondents were concerned that misaligned policies and longer-term differences between schemes, could provide an environment for criminal activity and fraud.

'To elaborate, fraud susceptibility will depend on the design of the scheme. The greatest risk of fraud will come if there are different, misaligned schemes implemented in different parts of the UK at different times. A higher deposit rate in one part of the UK could lead some citizens (or organised criminal gangs) to transport items across borders to gain the higher deposit rate back having only paid a lower rate (or no deposit) in another part of the country.' (Individual)

5) **cash transactions.** Any system that promotes the use of cash can be more susceptible to fraud. Cash is likely to be one of the options for returning deposits due to the simplicity and convenience of the process for retailers and consumers. Suitable security measures would need to be taken at both manual and RVM return points to make sure theft and other criminal activity is minimised, particularly in terms of cash storage and transportation.

'There are potential points throughout the system, but the most notable are those where payments are made. Retailers that do not make use of barcode scanning technology at the till could be particularly prone to fraud as it will be harder to confirm sold stock levels.' (Individual)

Labelling and markings to protect against fraud

As shown in Table 17, when asked to consider which labelling or markings would best protect against fraud, the majority of respondents (55%) thought that the existing product barcode, containing additional DRS information, would be the best labelling to prevent fraud. 46% thought a mark indicating inclusion in the DRS could be used, while 45% stated that printing the deposit amount could also be effective. 4% of respondents did not think that any of the options proposed in the consultation would work, however no alternative approaches were identified.

Table 17: Labelling and markings to prevent fraud

Type of marking	Percentage of respondents (%)
Existing product barcode (containing DRS information when scanned)	55%
Marking indicating inclusion in DRS	46%
Deposit value amount	45%
None of the above	4%

Approach to Impact Assessment (IA)

Alongside the consultation, Defra published an early stage Impact Assessment (IA), which provided a full analysis of the two proposed DRS models ('all-in' and 'on-the-go'). The consultation document stated that the 'IA goes some way to providing a more comprehensive assessment of the costs and benefits of implementing a DRS and looks across the UK as a whole'.

Respondents were encouraged to read and consider the IA, and to provide feedback on:

- whether they agreed with the IA
- whether more data is needed
- whether there are any other costs and benefits not covered in the IA

Agreement with the IA

A large minority of respondents (22%) stated that they agreed with the IA and much of the information contained within it. Among the 204 respondents who provided a reason for their agreement or disagreement:

- 11% stated that the IA seemed to be very comprehensive:

'I suspect an 85% uptake may be optimistic but over a 10-year spread - achievable given appropriate and sustained advertising, access and remuneration which increases with inflation!'. (Individual)

- 5% agreed with the IA, but wanted the scope extended to include other containers, particularly expanding the size of 'on-the-go' containers to larger than 750mls:

'I disagree with the limit of 750 ml as being 'on-the-go' and similarly multipacks, alcohol in particular. The data otherwise seems convincing'. (Individual)

- 4% thought it showed good financial returns following initial set-up and delivery costs:

'I agree that the 'All - in' DRS scheme provides a greater net social benefit, however I am of the belief that the 'On-the-go' DRS scheme would have a lower NPV of 249m as consumers could be confused about what items have a deposit on them' (Individual)

Almost 1 in 5 (19%) disagreed with the IA, a figure that increases to 41% among local authorities, but decreases to 4% of individuals. 28% of individuals did not know or have enough information to provide an answer and 15% did not answer the question. Two main reasons were put forward for this disagreement. First, 25% of respondents who provided a

reason for their view, stated that the costs savings predicted in the financial model in the IA were overestimated, particularly figures on litter savings.

'We feel that the impact assessment appears to conclude that the costs of picking up litter will reduce directly in proportion to the quantity of litter that is captured by DRS. Whilst some disposal costs may reduce, we do not anticipate that litter picking costs will reduce significantly as the same areas still need to be visited'. (Waste Management Company)

'We believe that Table 15 in the IA, outlining the litter savings, is overestimated. The reduction in litter volumes is unlikely to be sufficient to remove entire rounds, nor impact the composition to the extent that litter bins, which contain substantial quantities of non-targeted material, can also be removed'. (Individual)

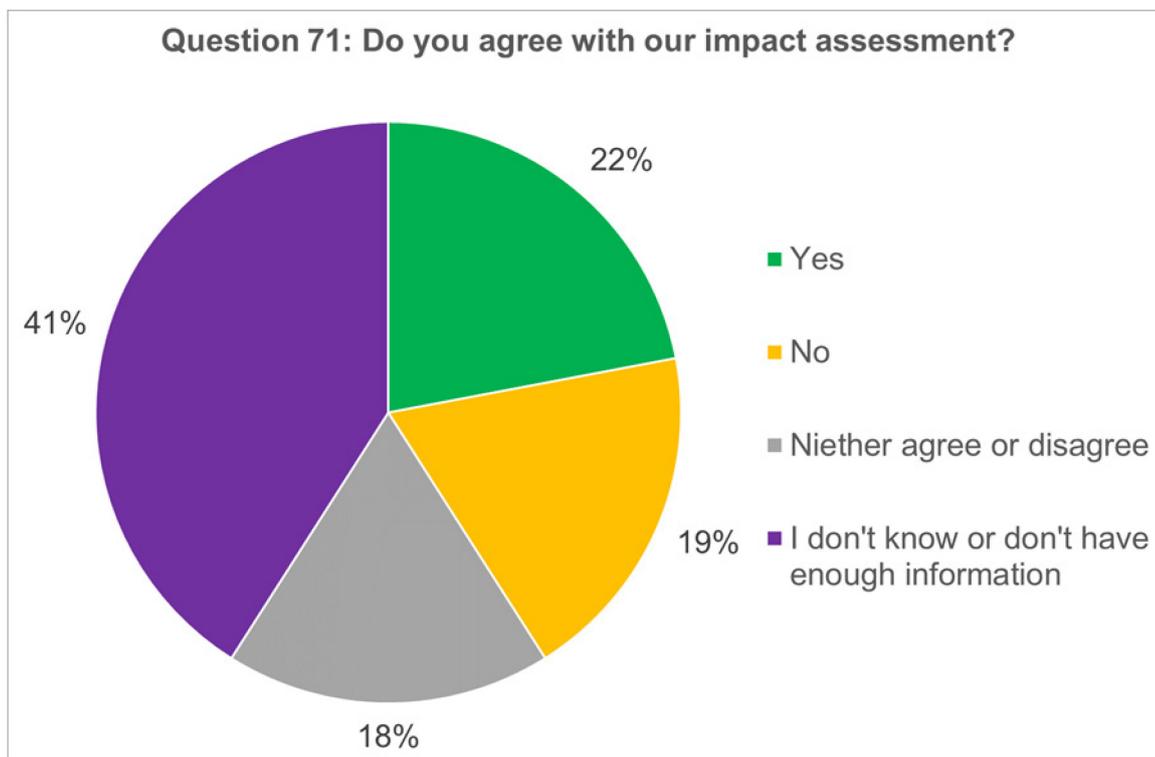


Figure 26: Agreement with impact assessment

However, the over half stated that either they 'did not know or did not have enough information' (41%) or did not agree or disagree (18%). Among those who provided a reason for their response (agree or disagree), 1 in 3 stated that further investigation and more detailed information were both needed before an informed decision about the costs and benefits of a DRS could be discussed.

Need for more data/evidence

Respondents were asked if more data or evidence should be included in a later version of the IA. 40% of the 753 responses thought that more data or further evidence was needed.

A quarter of respondents thought that the current IA was comprehensive enough and collection of any further data would delay implementation of the DRS. It was felt that the scheme is needed, and data should be collated and evaluated regularly once the scheme is in place.

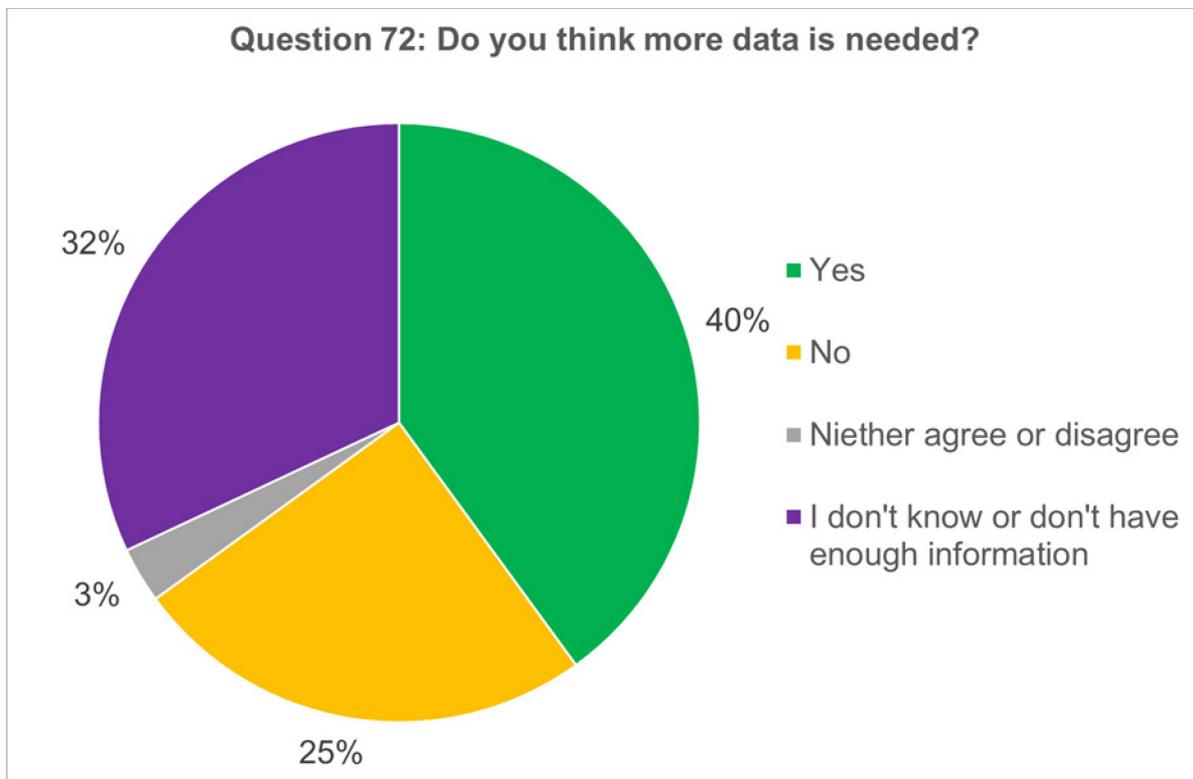


Figure 27: Breakdown of responses to question 72: Do you think more data is needed?

Four reasons were most commonly cited among consumers who provided a reason as to why more evidence was needed:

- 1) look at schemes in other countries: DRS schemes have been operating in other countries for many years. There should be significant amounts of publicly available financial and impact data that could be used as a proxy of likely impacts and costs of this DRS:

'We would urge the estimated return rate to be reassessed. If comparisons with other countries are to be made, it should be only against those countries which offer similar recycling opportunities for the proposed DRS materials. If no direct comparisons can be made further trials should be completed'. (Waste Management Company)

- 2) evaluate the impacts of the extended producer responsibility (EPR) scheme: The EPR scheme will be operating as well as the DRS. Respondents argued that waiting to see the impacts of EPR would highlight whether a DRS was needed and allow for changes to be made prior to any implementation:

'It is difficult to model the anticipated changes when these are stacked with other changes resulting from Consistency and EPR reform. Delaying the introduction of DRS might improve the reliability of modelling results'. (Local Authority)

'We need to understand the effects that EPR will have on drinks containers first before the introductions of an untried and untested system. If EPR does not achieve its outcomes, then yes go down the route of DRS'. (Local Authority)

- 3) review outcomes from the other consultations running alongside the DRS consultation: Consultations on 'A reformed UK packaging producer responsibility system', 'Consistency in Household and Business Recycling collections in England', and 'Plastic packaging tax' are running at the same time. Some respondents considered it would make sense to analyse findings from these before making any decision on the implementation of a DRS:

'There are gaps in the commercial data but we are not sure if there is any way to cover this, as such gaps are a wider issue not just confined for to this impact assessment. It would be useful to see the overview of the 4 current consultations and how they interlink especially between the DRS, EPR and collection consistency. (Packaging Scheme)

- 4) run a pilot: government schemes and programmes often implement a pilot to assess their effectiveness on a smaller scale and over a shorter time period. Findings from a pilot could be used to make adjustments to the delivery model before a revised programme is rolled out to the wider population.

'Current data is based on experience in quite small overseas jurisdictions, including some where DRS had been in place before widespread use of good recycling practices. This limited data has then been extrapolated to the UK, with speculative assumptions about reduction of litter and other indirect benefits. At the very least, it needs to be introduced as a pilot scheme (perhaps in Scotland or NI, to minimise cross-border impacts)'. (Individual)

Other costs and benefits

Related to the potential need for additional evidence and data, the consultation asked if there were other costs and benefits that had not been covered in the IA. The openness of this question led to an array of other costs and benefits being identified, but two were most commonly cited:

- increased time and travel costs for consumers: Environmental concerns associated with consumers travelling to RVMs and manual return points, have already been highlighted in response to other questions in this consultation. There is a view that some of the perceived benefits of the DRS could be partly offset by how convenient the scheme is for consumers:

'Additional transport costs & pollution? Most of those bottles are currently carried away by the local council refuse and recycling collection lorries. They will still be there along with the additional transport from the deposit areas. (Individual)

'Defra's impact assessment acknowledges that the 'potential cost to consumers for the time required to return drinks containers to [reverse vending machines] or manual take-back points' is a 'key non-monetised cost' and yet it makes no attempt to put a value on it'. (Academic or researcher)

- does not address unintended consequences: Full scale IAs (pre-implementation) and impact evaluations should include an assessment of any unintended consequences that could result from the implementation of a scheme. Some respondents stated that the IA needs to give more consideration to the unintended consequences:

'... is aware that glass is large component of kerbside material by weight. It also has health and safety issues related to noise associated with it. If DRS removed all glass from the kerbside collections, there could be potential benefits relating to health and safety of collections. There could also be efficiency gains in terms of the collections themselves. (Local Authority)

Other comments on the IA

Only 110 respondents provided 'other' comments on Defra's IA. 16% of respondents who did offer additional comments stated that some of the IAs data was inaccurate and that more detail is needed on costs, impacts on local authorities and performance of other schemes.

Achieving identified outcomes and alternative approaches

The consultation recognised the different approaches that other countries, particularly those in Europe, have taken to achieve similar outcomes:

- Norway has implemented an industry designed DRS, based on the mandatory environmental tax on beverage containers set by government, which is reduced proportionately with the return rate
- Finland collect a beverage packaging tax for the packaging of certain alcoholic beverages and soft drinks. However, beverage manufacturers are exempt if they become a member of an approved and operational return scheme or establish one themselves
- in Germany, the introduction of legal requirements of a compulsory deposit for certain one-way drinks packaging, together with collection obligations on distributors of this drinks packaging led to the formation of a nationwide, standardised organisation founded by the German Retail Federation and the Federation of German Food and Drink Industries to run a DRS across Germany

In the consultation, respondents were asked to consider alternative approaches to the proposed DRS model that could be used to achieve the same outcomes. A total of 390 responses were received to this question.

- 31% were unable to suggest an alternative model to the DRS
- 16% stated that the impact of the Extended Producer Responsibility scheme for packaging should be evaluated before the DRS or any other scheme is implemented
- 12% (mainly local authority respondents) stated that improvements to existing kerbside collections could yield the same outcomes at far lower cost
- 8% felt that there could be more investment in education and awareness raising campaigns about the environmental impacts of single use plastics and other products

Proposed DRS and achievement of outcomes

Respondents were asked three further questions about alternative approaches that could be used to achieve the following outcomes:

- reducing litter and the negative effects of litter on peoples' wellbeing
- more recycling of drinks containers in scope of a DRS, especially those disposed of 'on-the-go'

- higher quality recycling
- greater domestic reprocessing capacity through providing a stable and high-quality supply of recyclable waste materials

Firstly, respondents were asked if the DRS, as proposed, would help to achieve these outcomes. Table 18 summarises the proportion of respondents who said ‘yes’ to the DRS achieving each of the above outcomes.

Table 18: Percentage of respondents who agreed that a DRS would help achieve four outcomes regarding reducing the negative effects of litter on peoples’ wellbeing and increasing recycling rates.

Required outcome	Percentage of respondents who stated ‘Yes’ (%)	Local Authority respondents
Reducing litter and the negative effects of litter on peoples’ wellbeing	88%	62%
More recycling of drinks containers in scope of a DRS	91%	73%
Higher quality recycling	78%	46%
Greater domestic reprocessing capacity	72%	21%

Respondents were very positive about the role a DRS can play in achieving the above outcomes. The large majority think that a DRS will help Defra to achieve its outcomes. This positivity was based on the following perceptions:

- that effective functioning of the DRS would change consumer behaviours and increase rates and quality of recycling
- financial incentives drive behavioural change, and there are sufficient financial incentives to influence both producer and consumer behaviour
- evidence from other countries has clearly illustrated the success of DRS and similar schemes in achieving increased recycling rates and reductions in the prevalence and impact of litter

However, a significantly lower proportion of local authorities believed that a DRS would achieve the four objectives. An important rationale for this difference is the reticence among local authorities to support the scheme, which they are concerned will have detrimental impacts on the collection services that they run. Instead, they would like to see funding transferred to local authority activities instead of a DRS.

The need for a DRS to achieve outcomes

Having already considered the effectiveness of a DRS in achieving the outcomes above, respondents were asked if they thought the scheme was necessary to achieving those same outcomes, and then if the same outcomes could be achieved using an alternative approach.

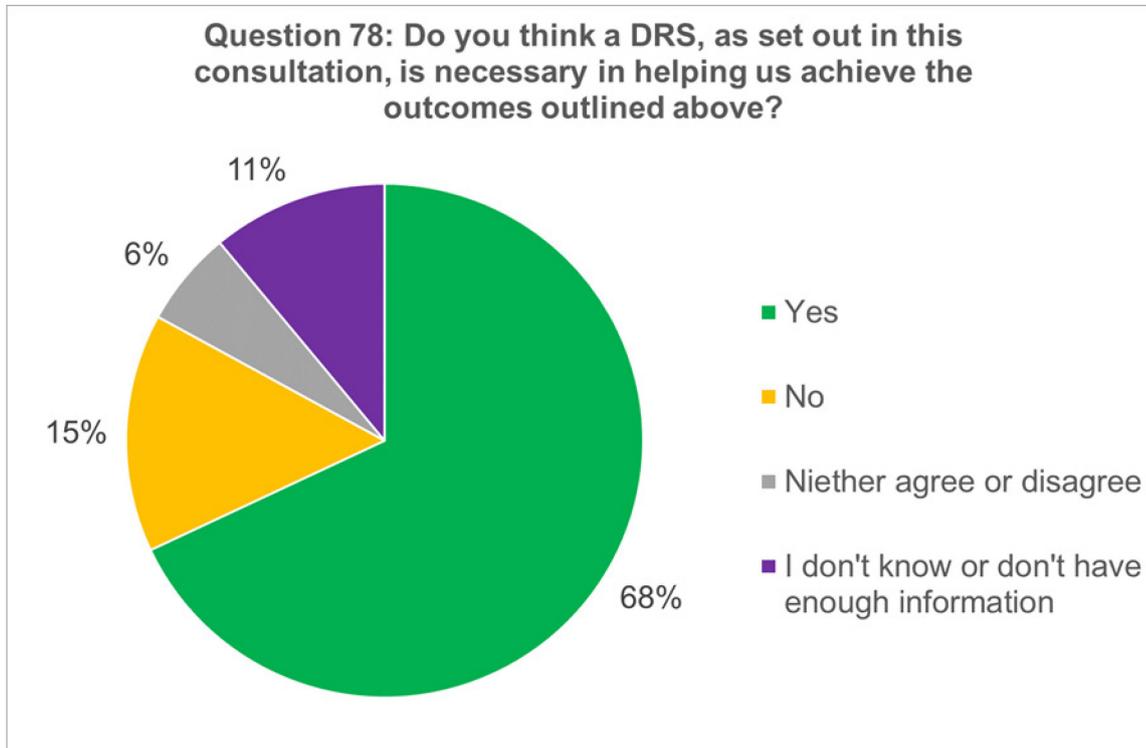


Figure 28: Is a DRS a necessity to achieve the intended outcomes

Looking first at whether a DRS is necessary to achieve the outcomes, more than two thirds of respondents (68%) stated that a DRS would be, with 15% thinking the opposite. 11% of respondents either did not know or did not feel they had enough information to provide a response. Only 31% of local authorities thought a DRS was necessary, with a similar proportion (30%) stating such a scheme was not required. This compares with 82% of individuals and 59% of manufacturers who thought a DRS was required.

Among the 308 respondents who provided reasons for their response, 22% considered a DRS necessary because they have worked very effectively in other countries (11%) and because such a scheme is needed to promote behavioural change among producers and consumers. As identified in previous questions, some respondents (18%) thought it would make sense to assess the impact of the extended producer responsibility scheme before deciding on whether to introduce a DRS.

'EPR should be the first principle that applies. A DRS system should only be implemented if an EPR system is not able to achieve the required outcomes. The change in EPR should

be given a number of years to be implemented and applied, before outcomes are reviewed and at that point a DRS could be used to fill any gaps'. (Waste Management Company)

14% of respondents argued that the proposed DRS scheme would not be a cost-effective approach to achieving higher quality and increased recycling, and that existing interventions, such as kerbside collections, if enhanced, could achieve similar outcomes at lower cost.

'A DRS may achieve some of the outcomes. However, it is questionable whether litter will reduce significantly given that cigarette butts, chewing gum and fast food packaging are key types of litter not addressed under the DRS. It is also debateable how much the public will use this system and not revert to their kerbside collections. We do not believe that a DRS at the expense predicted is necessary to achieve the outcomes above. (Local Authority)

Views were more mixed about how effective an alternative approach could be at achieving the same objectives. A quarter, of the 862 respondents to this question, thought that an alternative approach could achieve the same outcomes, however almost 2 in 5 (39%) thought the opposite, and 28% did not know or did not have enough information to provide a view.

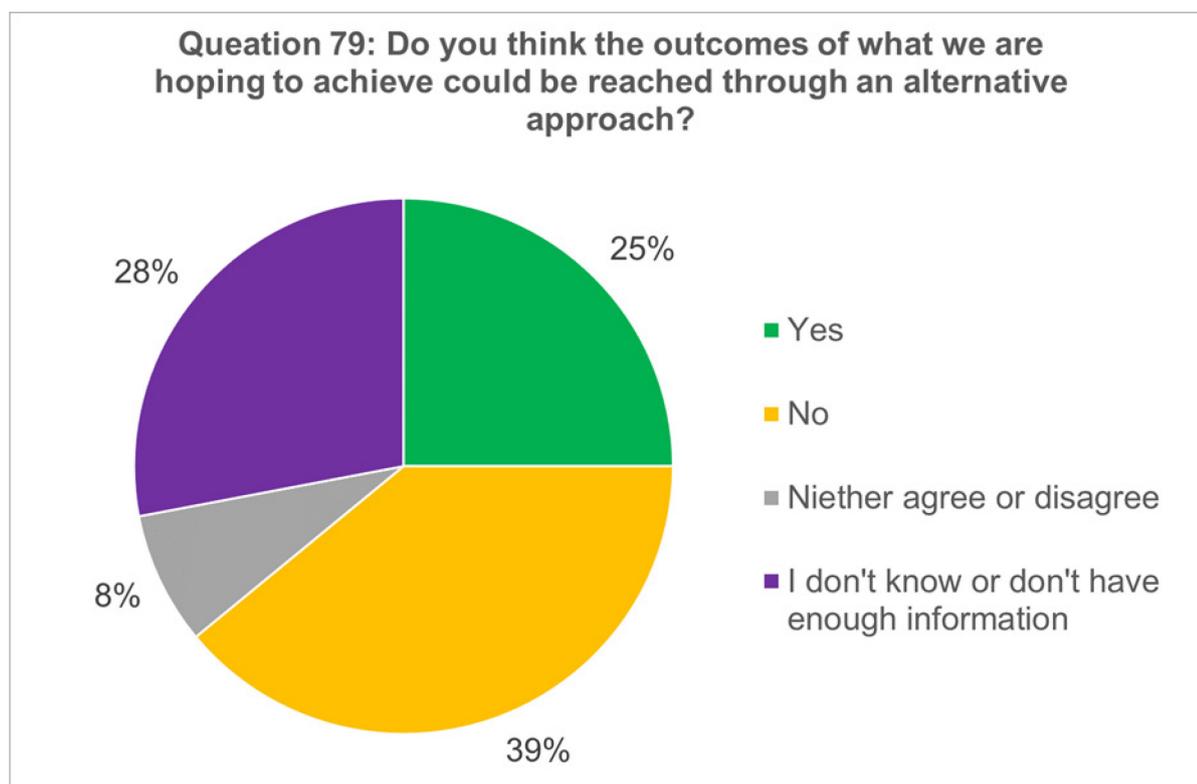


Figure 29: Achievement of the intended outcomes using an alternative approach

Looking first at reasons why an alternative approach could achieve the same outcomes, 30% thought the extended producer responsibility scheme could be used to change producer behaviour, removing the need to potentially duplicate activities within a DRS:

'EPR [would have] more impact [for] lower investment. Both at once won't deliver cumulative results in line with additional cost. Harmonisation (consistency in recycling collection) also relevant to behaviour change, simplified labelling & communication'. (Producer Compliance Scheme)

'The revised Extended Producer Responsibilities should be implemented first as this should drive changes in materials used and improve recycling facilities. Combined with Local Authorities 'consistent collection', this will further improve opportunities for collection and recycling across all parts of UK domestic and commercial sectors' (Individual)

Almost a quarter (24%), agreed with the above quote and thought that increasing funding to enhance existing local authority kerbside collections could provide the same outcomes at a lower overall cost and a lower burden on consumers:

'Local authorities already provide street litter bins and many have limited provisions for recycling 'on-the-go'. Funding of local authorities to increase the capture of recycling 'on-the-go through the provision of additional recycling bins and other measure should be explored'. (Local Authority)

Among those who provided a reason and felt that a DRS remains the best approach, 17% thought that a DRS is the only way to empower the public and promote more responsible consumers, provided it operates effectively alongside other schemes and existing local authority collections:

Some felt that placing a legislative ban on the production and use of certain materials would take too long and that incentivising behavioural change would be more realistic than imposing a ban. 'I don't think an alternative to DRS would be fast enough to save us from the littering. The only other thing would be legislation banning producers using plastic and metals in the first place and moving them to use alternative compostables, but that wouldn't be fast enough to implement'. (Individual)

Extending this line of enquiry to consider if an alternative approach could be 'better' at achieving the outcomes than a DRS, 41% of respondents disagreed, while only 21% agreed. Almost a third of respondents did not know or did not have enough information.

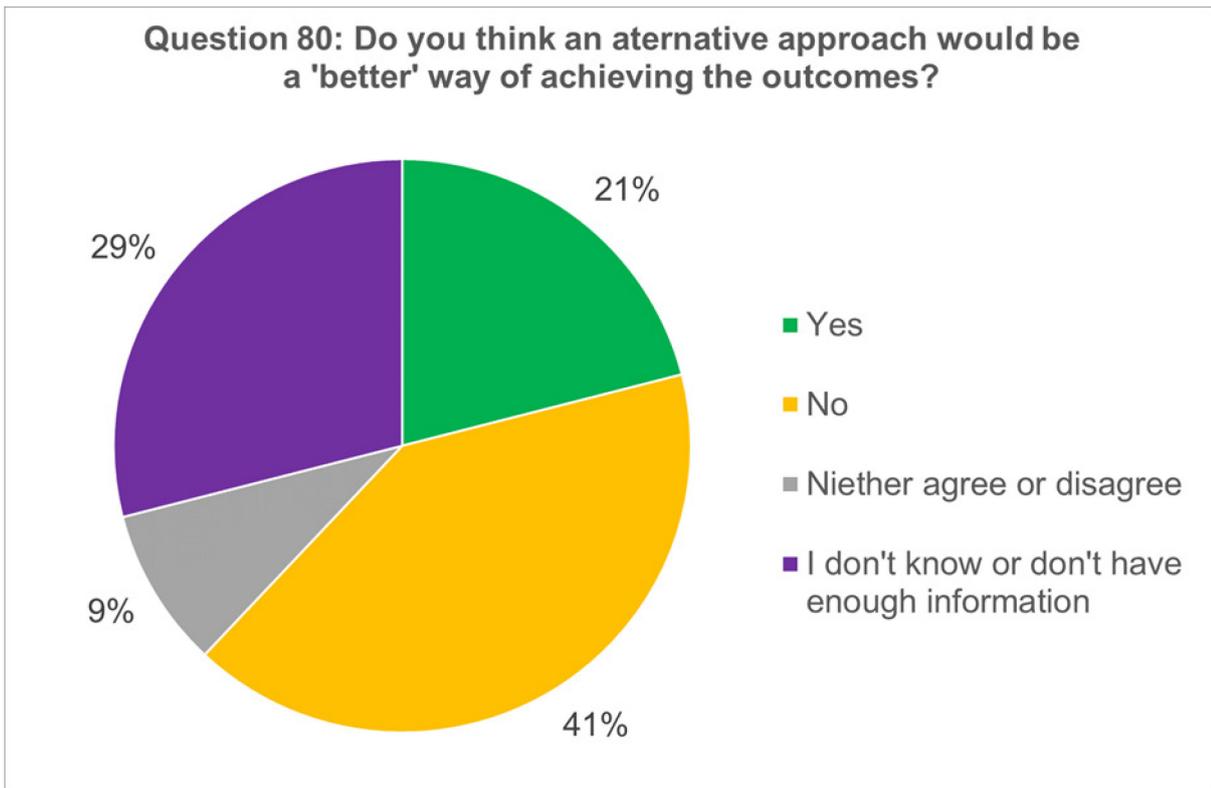


Figure 30: Are alternative approaches 'better' at achieving outcomes?

As with responses to previous questions, respondents who thought alternative approaches were 'better' again cited existing kerbside collections and the extended producer responsibility scheme as being more cost-effective ways of increasing recycling rates, changing producer and consumer behaviour, reducing plastic waste and reducing associated waste production.

There were some respondents that questioned why there appears to be competition between the schemes. All schemes should run in parallel and be part of a 'multi-faceted' approach to achieving what should be viewed as mutually beneficial objectives.

'Kerbside collection by local authorities should continue to be deployed in tandem with a DRS. Design of a DRS should attempt to minimise risks of undermining kerbside collection' (Manufacturer)

Next steps

We have published an Executive Summary to this consultation which also sets out next steps at: <https://www.gov.uk/government/consultations/introducing-a-deposit-return-scheme-drs-for-drinks-containers-bottles-and-cans>

Glossary of selected acronyms and terms

All-in: An 'all-in' DRS would include all drinks containers irrespective of size (The consultation did propose some exemptions, such as beer kegs and bottles used in water coolers).

Consistency: In this document 'consistency' refers to the range of measures being proposed by the government to improve the quantity and quality of recycling in England. This includes measures such as requiring all local authorities and eligible organisations to collect the same core set of dry recyclable materials, to provide separate food waste collections, and to follow guidance on minimum service standards.

DAs: Devolved Administrations

DMO (Deposit Management Organisation): The central body whose role is to manage the operation of the DRS, including financial flows (deposit values, unredeemed deposits, producer fees, handling fees and material revenue from recycling), logistics (ensuring collected material reaches the recycler), some DRS infrastructure (e.g. maintenance of RVMs) and reporting to government on collection rates.

DRS (Deposit Return Scheme): A scheme where consumers pay an up-front deposit on an item – such as a sealed drink – at point of purchase, which is redeemed on return of the empty drinks container.

EAs (Environment Agencies): The Environment Agencies in England, Wales and Northern Ireland

FNCR (Full net cost recovery): The principle by which producers cover the net cost (taking account of revenue from the sale of materials) of managing their products at end-of-life).

HDPE: high density polyethylene plastic bottles

On-the-go: An 'on-the-go' DRS would target drinks containers most commonly consumed away from the home. The consultation proposed that this could be containers smaller than 750mls and drinks sold in single format containers

PET: polyethylene terephthalate plastic bottles

Producer Responsibility and Extended Producer Responsibility (EPR): A scheme where producers are required to bear greater responsibility for the costs of managing their products at the end-of-life stage. The overall objective of producer responsibility schemes is to incentivise more sustainable product design and increase product recyclability

Return/Collection Points: Where consumers can redeem their deposit, most likely retailers hosting an RVM or, for small retailers, a manual over-the-counter return point

RHF (Retailer Handling Fee): Those hosting return points would be paid a handling fee by the DMO to reimburse them for associated costs.

RVM (Reverse Vending Machines): A device that accepts used (empty) beverage containers in a DRS so that the consumer can redeem their deposit.