

Introducing a Deposit Return Scheme (DRS) Consultation

Q1.1 Q1.1. What is your Surname?

Tesco PLC

Q2 Q2. What is your e-mail address?

[Redacted]

@tesco.com

Q3 (ST) Q3. Which best describes you?

Retailer including online marketplace

Q3.a Q3.a Other (please provide details...)

Q4 Q4. If you are responding on behalf of an organisation, what is its name?

Tesco PLC

Q.5 Q5. Would you like your response to be confidential?

Yes

UI Unique Identifier:

ANON-HJCY-ME68-E

DRS in a post-Covid context

6 6. Given the context of the Covid-19 pandemic we are currently experiencing, do you support or oppose our proposals to implement a Deposit Return Scheme for drinks containers by 2024?

Support

6.a 6.a Please elaborate on your answer if you wish.

7 7. Do you believe the introduction of a Deposit Return Scheme will have an impact on your everyday life?

Not answered

7.a 7.a If you answered yes the scheme would have a detrimental impact, how significant would this impact be?

Large impact but still manageable

8 8. Have your views towards implementation of a DRS been affected following the economic and social impacts of the Covid-19 pandemic?

Yes - because of both economic and social impacts

8.a 8.a Please elaborate on your answer if you wish.

A well-designed DRS will need to take into account the lessons from these impacts.

Chapter 1: Scope of the Deposit Return Scheme

9 9. Do you agree that the cap should be included as part of the deposit item in a DRS for:



10 10. Do you believe we have identified the correct pros and cons for the all-in and OTG schemes described above?

No

10.a 10.a Please elaborate on your answer.

It is not clear exactly what this shift does in relation to the Extended Producer Responsibility costs within the choice presented. There continues to be an industry challenge in trying to bridge the gap between Extended Producer Responsibility and the subset of DRS.

11 11. Do you foresee any issues if the final scope of a deposit return scheme in England and Northern Ireland does not match the all-in decision taken in Wales? E.g. an on-the-go scheme in England and an all-in scheme in Wales.

Yes

11.a 11.a Please elaborate on your answer.

There are significant issues and challenges for both businesses and consumers if there is not a consistent approach to DRS across the four nations, with the same rules UK-wide. A single market approach must be the aim. We therefore believe a co-ordinated approach between England, Northern Ireland and Wales is essential.

12 12. Having read the rationale for either an all-in or on-the-go scheme, which do you consider to be the best option for our deposit return scheme?

All-in

12.a 12.a Please elaborate on your answer.

A consistent approach across the four nations is essential. As both Scotland and Wales are implementing all-in schemes, opting for on-the-go for England and Northern Ireland would create a disunited and fragmented DRS – for business and consumers alike. An all-in scheme is also extremely important for customer understanding of the scheme, which would provide the greatest chance of positively influencing consumer behaviour change.

13 13. Given the impact Covid-19 has had on the economy, on businesses and consumers, and on everyday life, do you believe an on-the-go scheme would be less disruptive to consumers?

No

14 14. Do you agree with our proposed definition of an on-the-go scheme (restricting the drinks containers in-scope to less than 750ml in size and excluding multipack containers)?

No

14.a 14.a If no, how would you change the definition of an on-the-go scheme?

An on-the-go option for England & Northern Ireland (alongside an all-in scheme for Wales & Scotland) is not the best way for the DMO to deliver on its legal objectives and the targets set by the four governments. The proposed definition would also not produce the best results in terms of the capture and quality of recyclates. A partial DRS where some materials are returned to producers and some materials via kerbside schemes would not be the best approach, particularly as the consultation document itself notes that materials going via council services are 'effectively a failure of the DRS system' (p75).

15 15. Do you agree that the size of containers suggested to be included under an on-the-go scheme are more commonly consumed out of the home than in it?

No

16 16. Please provide any information on the capability of reverse vending machines to compact glass?

This would add costs to the process. Soft drop options that generate breakage would be a more pragmatic solution.

17 17. Do you agree that the scope of a deposit return scheme should be based on container material rather than product?

Yes

18 18. Do you agree with the proposed list of materials to be included in scope?

Yes

19 19. Do you consider there will be any material switching as a result of the proposed scope? Please provide evidence to support your response.

Yes

With the proposal to exclude beverage cartons from the scope of the Deposit Return Scheme, this could drive material shift over time. However, it is difficult to conclude definitively without the correct balance of information and cost between DRS and EPR.

Chapter 2: Targets

20 20. Which of the following approaches do you consider should be taken to phase in a 90% collection target over 3 years?

70% in year 1, 80% in year 2, 90% in year 3 and thereafter

▼

21 21. What collection rate do you consider should be achieved as a minimum for all materials after 3 years?

80%

▼

22 22. Is it reasonable to assume that the same collection targets could be met with an on-the-go scheme as those proposed for an all-in scheme for in-scope materials?

No

▼

22.a 22.a Please provide any evidence to support your answer

We are not aware of any evidence to support this assumption. This would also not be easily measurable without placing a considerable burden on the DMO and producer. Kerbside collection is currently measured in tonnage, whereas DRS is measured in volume making reconciliation impossible.

23 23. Who should report on the volumes of DRS material placed on the market in each nation?

Both the producer/ importer and retailer

▼

23.a 23.a What would be the implications of obligations to report on volumes of deposit return scheme material for producers/ importers and retailers? Please provide evidence to support your answer.

This would generate a consistent position.

24 24. What evidence will be required to ensure that all material collected is passed to a reprocessor for the purpose of calculating the rate of recycling of deposit return scheme material?

Chapter 3: Scheme Governance

25 25. What length of contract do you think would be most appropriate for the successful bidder to operate as the Deposit Management Organisation?

7 - 10 years

▼

26 26. Do you agree that the above issues should be covered by the tender process?

Yes

▼

26.a 26.a Please list any further issues you believe should be covered as part of the tender process.

The bids must also demonstrate 'support from the value chain'. Otherwise there is a risk of someone becoming the DMO that doesn't have the support of the full value chain. This aligns with the Extended Producer Responsibility approach too.

27 27. Do you agree that the above issues should be monitored as Key Performance Indicators ?

No

▼

27.a 27.a Please list any further issues you believe should be covered by Key Performance Indicators .

DMO KPIs can only be put in place when the design of the scheme is agreed. For example, there are inevitable challenges with holding a DMO accountable for RVM reliability if they have no involvement in the instalment and contract of reverse vending machines, which may be handled directly via the owner of the return point.

28 28. Do you agree that Government should design, develop and own the digital infrastructure required to register, and receive evidence on containers placed on the market on behalf of the Deposit Management Organisation and regulators?

Yes

▼

28.a 28.a Please elaborate on your answer



29 29. Government will need to understand the needs of users to build digital services for DRS. Would you like your contact details to be added to a user panel for DRS so that we can invite you to participate in user research (e.g. surveys, workshops interviews) or to test digital services as they are designed and built?

Yes

Chapter 4: Financial Flows

30.a 30.a If any other please specify

Both. However, it is also not clear if a de minimis is helpful, with full coverage required to help the balance of material between DRS and Extended Producer Responsibility. This has to be paid for somewhere for the full net cost to be addressed fairly.

30 30. Q. What is an appropriate measure of small producers for the purposes of determining the payment of registration fees?

Other

31 31. Is a high level of unredeemed deposits funding the scheme problematic?

Yes

31.a 31.a Please explain your answer.

A high level of unredeemed deposits would indicate that the scheme is not delivering effectively and efficiently against the ambition of material recovery and recycling. It would also indicate that it was failing to meet other goals, including avoiding any unnecessary impact on the operation and costs of Extended Producer Responsibility-related schemes other than DRS.

32 32. Which option to treatment of unredeemed deposits do you support?

Option 1

33 33. With option 2, do you foresee any unintended consequences of setting a minimum percentage of the net costs of the deposit return scheme that must be met through the producer fee?

Yes - this risks adding unnecessary complication and becoming a distraction to the important targets and ambitions we are supportive of.

34 34. If a floor is set do you consider that this should be set at:

Other

34.a 34.a Please provide any evidence to support your response.

0%. This is for the reasons explained in our answer to questions 32 and 33 – we support option 1, for unredeemed deposits to part-fund the scheme.

35 35. Do you agree that any excess funds should be reinvested in the scheme or spent on other environmental causes?

Reinvested in the scheme

36 36. Q. What should be the minimum deposit level set in legislation?

Other

36.a 36.a If other please specify

We do not have a set view on what the minimum deposit level should be, but it should not be lower than 10p.

37 37. Do you agree that there should be a maximum deposit level set in legislation?

Yes

37.a 37.a If yes, then what should be the maximum deposit level set in legislation?

Other

37.b 37.b If other please specify

While this would make sense for an initial period, subsequent increases may be required to continue to shift behaviour. A potential comparison is with the introduction of charges for single use carrier bags, initially at a lower level, but which have since increased to further influence behaviour.

38 38. Recognising the potentially significant deposit costs consumers could pay on a multipack purchase, how best can we minimise the impact of the scheme on consumers buying multipacks?

options explored to incentivise positive behaviour.

39 39. Do you agree with our approach to letting the Deposit Management Organisation decide on whether to adopt a fixed or variable deposit level, particularly with regards to drinks containers sold in multipack form?

Yes

39.a 39.a Please provide evidence to support your answer

We think this is the best approach, although we would also note that we would ideally like to see consistency across all four nations.

Chapter 5: Return Points

40 40. Do you agree that all retailers selling in-scope drinks containers should be obligated to host a return point, whether it is an all-in or on-the-go deposit return scheme?

Yes

40.a 40.a Please provide any evidence to further explain your answer.

However, they should only be obligated to host returns for the materials that they sell. For example, if they don't sell products in glass containers, there should not be a requirement to accept glass returns.

42 42 . Do you have a preference, based on the 3 options described above, on what the schemes approach to online takeback obligations should be? We welcome views from stakeholders on who this obligation should apply to, including if there should be an exception for smaller retailers or low volume sales.

Option 1

41 41. Given the proposed extensive distribution and availability of return points for consumers to return bottles to, do you think customers would be likely to experience delays / inconveniences in returning drinks containers?

No

41.a 41.a If so, how long or how frequently would such delays be likely to arise for?

A well-designed scheme should not result in significant issues. However, it will be important that it is designed correctly and accessible to all, including vulnerable and less abled consumers.

42.a 42.a Please explain your answer.

Option one is the only fair way to ensure online retailers are suitably covered by DRS, without creating further divergence between the requirements for online and in-store retail. However, a de minimis may be required.

43 43. Do you agree with the proposed criteria for the calculation of the handling fee?

Yes

43.a 43.a Would you propose any additional criteria are included for the calculation of the handling fee?

The proposed criteria seem sensible, but extensive, detailed and transparent studies with handlers will be required to define true and fair cost apportionment to deliver accurate and fair handling fee reimbursement.

44 44. Please tick which exemptions you agree should be included under the scheme:

Please select as many items as you wish

44.a 44.a Any further comments you wish to make

45 45. Please can you provide any evidence on how many small and micro sized retail businesses we might likely expect to apply for an exemption to hosting a return point, on the grounds of either close proximity to another return point or on the compromise of safety considerations?

46 46. Do you think obligations should be placed on retailers exempted from hosting a return point to display specific information informing consumers of their exemption? If yes, please tick what information retailers should be required to display:

Signage to demonstrate they don't host a return point X Signage to signpost consumers to the nearest return point X

46.a 46.a Anything else? Please specify

Yes

47.a 47.a Please explain your answer.

Yes. However, this should nevertheless be encouraged as best practice to aid consumers.

48 48. How long do you think exemptions should be granted for until a review date is required to ensure the exemption is still required?

5 years or longer

49 49. Do you think the scheme could benefit from technological solutions being incorporated as a method of return, alongside reverse vending machines and manual return points?

Not answered

50 50. How could a digital deposit return scheme solution be integrated into existing waste collection infrastructure? Please explain your answer.

While we are supportive of the concept of a digital scheme solution, it is hard to envisage how you can merge volume related Extended Producer Responsibility kerbside collections with a fair and cost effective item management process for a digital DRS. This decision sits outside of the responsibility of the DMO.

51 51. What are the potential fraud control measures a digital deposit return scheme could bring? Please explain your answer.

Traceability drives trust and potentially eradicates fraudulent item inflation.

52 52. Do you think a digital deposit return scheme could ensure the same level of material quality in the returns compared to a tradition return to retail model, given containers may not be returned via a reverse vending machine or manual return point where there is likely to be a greater scrutiny on quality of the container before being accepted?

Not answered

52.a 52.a Please explain your answer.

53 53. If the digital DRS system can be integrated into the existing waste collection infrastructure would its implementation and running costs be lower? Please provide evidence to support your answer.

The expectation would be that they would, but the concept is not proven.

54 54. Do you support the proposal to introduce a new permitted development right for reverse vending machines, to support the ease of implementation for the scheme?

Yes

54.a 54.a Do you have any amendments or additional parameters you would propose are reflected in the permitted development right?

Chapter 6: Labelling

55 55. Do you agree that the following should be part of a mandatory label for deposit return scheme products?

A mark to identify the product as part of a deposit return scheme. ✕

An identification marker that can be read by reverse vending machines and manual handling scanners. ✕

56 56. Are you aware of further measures that can be taken to reduce the incidence and likelihood of fraud in the system?

Yes. An important consideration to reduce the incidence and likelihood of fraud will be to ensure as much consistency as possible across the UK, including on labelling, level of deposit, and scope of materials. Effective and consistent labelling or bar codes will also be important.

57 57. Do you agree with our proposals to introduce mandatory labelling, considering the above risk with regards to containers placed on the market in Scotland?

Yes

58 58. Do you consider the risk of incorrectly labelled products entering the markets of England, Wales or Northern Ireland via Scotland to be a significant risk? Please provide any evidence to support your answer.

Yes

58.a 58 a Please provide any evidence to support your answer



59 59. Do you consider leaving any labelling requirements to industry to be a better option than legislating for mandatory labelling requirements?

No

59.a 59.a Please explain your answer.

Mandatory labelling requirements would be preferable and all four nations should have the same mandatory labelling requirements.

60 60. Are you aware of any other solutions for smaller producers who may not currently label their products? Please explain your answer.

No. Labelling and identification will be necessary to be DRS compliant.

61 61. We believe 18 months is a sufficient period of time for necessary labelling changes to be made. Do you agree?

No

61.a 61.a Can you provide any evidence to support your answer?

For wines in particular the timeframe encompassing production, bottling and sales can be a much longer timespan than the suggested 18 months.

62 62. Will your processes change as a result of mandatory labelling?

Yes

62.a 62.a Please explain your answer.

In the event of individual, divergent schemes across the UK, significant investment would be required. Logistics networks would need to create SKU pick positions for each country. Investment may also be required in new distribution centres. This investment in supply chain infrastructure would result in high costs to be reimbursed via DRS. There would also be implications in terms of efficiency and the environmental impact of operations.

63 63. Do you agree that our proposed approach to labelling will be able to accommodate any future changes and innovation?

Not answered

63.a 63.a Are you aware of any upcoming technology in the field of labelling?

Digital technology and blockchain type labelling may innovate in this space. The DMO should be built to cover innovation and development in line with any other high functioning organisation.

Chapter 7: Local Authorities

64 64. Do you agree that local authorities will be able to separate deposit return scheme containers either themselves or via agreements with material recovery facilities to regain the deposit value?

Yes

64.a 64.a Please explain your answer

Only if they are to set up their own return point but in no other capacity.

65 65. Do you agree that local authorities will be able to negotiate agreements with material recovery facilities to ensure gate fees reflect the increased deposit values in waste streams or a profit sharing agreement on returned deposit return scheme containers was put in place?

No

65.a 65.a Please explain your answer.

Material value and DRS need to be separate entities and local authorities are accountable to manage material value via Extended Producer Responsibility.

66 66. In order to minimise the risk of double payments from the Deposit Management Organisation to local authorities, where should data be collected regarding the compositional analysis to prevent the containers then being allowed to be redeemed via return points?

If DRS and Extended Producer Responsibility are designed effectively, there should be clear differentiation between the schemes, with DRS materials collected as intended. There would be no double counting based on current measurement metrics, as compositional analysis for kerbside collections will be in tonnage, rather than by numbers of specific items.

67 67. How difficult do you think this option would be to administer, given the need to have robust compositional analysis in place? Please explain your answer.

This would be extremely difficult, as set out in our response to question 66, as kerbside measurement is in tonnage rather than items.

Option 1

68.a 68.a Please briefly state the reasons for your response. Where available, please share evidence to support your view.

This is the only practical way of managing DRS applicable beverage containers as they are item, not weight-related, so individual identification and processing is required to correctly validate containers and verify counts.

Chapter 8: Compliance Monitoring and Enforcement

69 69. Are there any other producer obligations you believe the Environmental Regulators should be responsible for monitoring and enforcing?

Yes. Spot checks and end-to-end scheme review need to be accessible and enforceable (with consequences) to each point in the chain of circularity.

70 70. Are local authorities (through the role Trading Standards and the Primary Authority Scheme) best placed to enforce certain retailer obligations?

Yes

70.a 70.a To what extent will local authorities be able to add monitoring and enforcement work for the deposit return scheme to existing duties they carry out with retailers?

Depending on resources, the DMO may also be well-placed. It could be enabled to carry out appropriate aspects of the regulatory system, such as initial investigations. That could allow Trading Standards and the regulators to receive a level of intelligence-based information and then take informed decisions on next steps.

71 71. In addition to those in the table, are there any other types of breaches not on this list that you think should be? If so, what are they? These may include offences for participants not listed e.g. reprocessors or exporters.

Yes. It is essential that the legislation and regulations appropriately cover fraud in all four nations.

72 72. Are there any vulnerable points in the system? Please explain your answer?

Yes. It will be essential that the system as a whole ensures enforcement issues are acted upon efficiently and sufficiently, including the DMO, regulators, trading standards and governments. There is also vulnerability if Extended Producer Responsibility and DRS are not designed and administered as two pieces of the same system, with dependencies on consistent collections too. Additionally, divergence and a lack of consistency in DRS schemes across the UK, risks creating vulnerabilities. Tackling the activities of organised criminal gangs will also be important.

73 73. Do you see a role for the Deposit Management Organisation to seek compliance before escalating to the Regulator?

Yes. The DMO is well-placed to manage relationships across all parts of the supply chain that relate to its responsibilities. It would be preferable and a more effective and efficient use of the system for the regulator to receive a case file it can act upon rather than needing to carry out investigations right from the start.

74 74. Do you agree with the position set out regarding enforcement response options?

No

74.a 74.a If not, please expand your answer.

More attention needs to be given to tackling the activities of organised criminal gangs. The dependent links to EPR and an approach to tackling the issues created by a potential lack of consistency between the DRS schemes in the four nations should also be required.

Chapter 9: Implementation Timeline

75 75. Do you have any comments on the delivery timeline for the deposit return scheme? Please pose any views on implementation steps missing from the above?

Yes. We firmly support the objectives of the Government's packaging and recycling reforms, but misaligned timescales across the core policies (DRS, Extended Producer Responsibility and consistent household collections) create a number of challenges and risk undermining the successful implementation of the schemes. Added to this, differing go-live dates across the four nations also adds complexity and challenges. It is ultimately essential that an effective and successful scheme is designed. An 18-month timeframe for the DMO to implement a DRS across three nations is extremely ambitious given the infrastructure, labelling, and exemption challenges which all need to be addressed and implemented. This timeframe is also taking these reforms in isolation, rather than looking at the wider challenges the food, drink and other sectors face post-Covid and Brexit.

76 76. How long does the Deposit Management Organisation need from appointment to the scheme going live, taking into account the time required to set up the necessary infrastructure?

Any other (please specify)

76.a 76.a Any other (please specify)

24 months or greater is a more realistic timeline than the options presented. As noted in our answer to question 75, it is important that the scheme is well-designed and effective. The scale of work required for the DMO and scheme to be fully operational is significant.

76.b 76.b Please provide evidence to support your answer.

77 77. Depending on the final decision taken on the scope of the scheme in England and Northern Ireland – all-in or on-the-go – what, if any, impact does this have on the proposed implementation period?
This will have a substantial impact. Differences between the nations on the framework and rules of the various DRS schemes will inevitably create more complexity and therefore longer implementation timescales.

Chapter 10: Summary of approach to Impact Assessment

78 78. Do you agree with the analysis presented in our Impact Assessment?

Not answered

78.a 78.a Please briefly state the reasons for your response. Where available, please share evidence to support your view

Unable to answer yes or no. There are a number of clear gaps in the Impact Assessment. It currently provides no correlation to Extended Producer Responsibility. There is no focus on the sales impact relating to materials, or deposit impacts from aspects like multi pack sales. There is also no detail or focus on a true cost of operating return points in such a highly competitive retail market, with density far higher than in other DRS markets.

ES Email Subject

FI File Upload

Select files...

Drop files here to upload

RT Response Type

Online / CSV

NF Non-fitting

DS Date Submitted

44351.62928

