

# Introducing a Deposit Return Scheme (DRS) Consultation

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

[Redacted]

**Q2** Q2. What is your e-mail address?

[Redacted]@uk.nestle.com

**Q3 (ST)** Q3. Which best describes you?

Product designer/ manufacturer/ pack filler

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

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

Nestle UK&I

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

No

**UI** Unique Identifier:

ANON-HJCY-ME51-6

## 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.

Nestlé supports a well-designed Deposit Return scheme for the UK, and as an organisation we are committed to ensuring all our packaging is reusable or recyclable by 2025. However, as our experience in Scotland has shown, it is important for businesses to be given adequate time to prepare for the implementation of DRS, particularly taking into account the impact that the Covid-19 pandemic has had on the industry. As such clarity on the shape of the scheme, key decisions and timelines (including when in 2024 it will launch) are needed at the earliest possible opportunity, giving industry a minimum of 18 months to prepare for its implementation. We also strongly support any system in the UK being as closely aligned to the Scottish system as possible to ensure consumer understanding and ease of operation and efficiency for producers. As consultations on Extended Producer Responsibility (EPR) and consistent recycling collections in England are running concurrently, but with misaligned timelines for implementation, we would urge the Government to give consideration to the management of materials within the system and look at these policies holistically. It would be preferable from both a business and consumer standpoint to ensure that DRS producers are not obligated to change reporting and payment practices midway through the year as is currently outlined.

**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?



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

Nestlé remains supportive of the implementation of a DRS. We feel that while the Covid-19 pandemic has had a huge impact, the long-term environmental benefits the scheme will deliver demonstrates that it is still the right thing to do. However, we would once again encourage the Government to ensure that any UK scheme is as closely aligned to the Scottish one as possible to ensure ease of consumer understanding and business operation.

## 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:

Aluminium bottle caps on glass bottles ✕

Plastic bottle caps on plastic bottles ✕

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

Yes ▼

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

We strongly support an “all-in” DRS. While we recognise that this will result in higher costs to business an “all-in” scheme will deliver the best environmental outcomes while ensuring the systems in operation across the four nations of the UK are as closely aligned as possible. In turn we feel this will lessen consumer confusion and system complexity which is likely to result in higher engagement in the scheme and greater levels of recycling. Key to the success of the Scheme is building consumer confidence, trust and engagement.

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.

We strongly support an “all-in” scheme and feel that if England and Northern Ireland were to implement an “on-the-go” scheme it would make business operations for producers unsustainable in the UK. Complying with both schemes, and an all-in system in Scotland, would require nation-specific labelling and limit alignment and interoperability across the UK while increasing the likelihood of consumer confusion and leaving the scheme more vulnerable to fraud. We strongly encourage the Government to take a consistent approach to DRS across the UK.

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.

Nestlé supports the implementation of an all-in DRS capturing all beverage containers up to 3 litres. In addition to the reasons outlined in the consultation document, and recognition from the Government that this is likely to have the greatest overall impact and achieve the objectives set out, we believe an all-in system will also drive greater levels of high-quality recyclate available for industry to produce new containers. There is limited evidence to suggest an on the go scheme would be less disruptive for consumers based on the lack of international precedent for this type of scheme. We also feel that misaligned systems will increase the likelihood of consumer confusion, drive a lack of engagement and potentially lead to a reduction in recycling rates.

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?

We do not support the introduction of an on the go scheme. Furthermore, this proposal is likely to cause people to switch to larger or different formats, which could have unintended consequences in encouraging higher consumption of less healthy drinks and increased waste when unwanted remnants are discarded.

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?

Difficult to say ▼



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

19.a 19.a Please provide evidence to support your response.

We recognise that there is likely to be some material switching however this is to be expected with the introduction of any system changes and we believe that an all-in DRS is the best option. This should also be considered alongside the reforms to EPR and the introduction of the Plastic Packaging Tax which are also likely to have an impact on decisions relating to materials.

## 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?

90% collection rate should be achieved for all materials

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

As previously stated, an on-the-go system is likely to be less effective than an all-in one due to consumer confusion and unintended consequences discussed in Q12. To hit the target of collecting 90% of all drink containers, all elements of the collection process (communications, collection and infrastructure) would need to perform better. If an on-the-go scheme were put in place then not only would it need to hit a 90% target but kerbside collection rates would need to exceed 90% as well.

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.

As a producer, our products are distributed across the UK and subsequently supplied to customers, and as such we have limited visibility or control of data on where they are eventually sold. Having both the producer/importer and the retailer reporting would provide an effective way of ensuring all in-scope containers have the deposit charged on them.

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?

It is important to ensure the DMO, as owner of the material, can demonstrate how it is recycled and where it is sold, and we foresee this being part of the tender application for the DMO. Given the upcoming implementation of EPR it will also be key to ensure evidence is provided that EPR and DRS materials are counted separately, with measures put in place with reprocessors to ensure there are clear audit trails. To ensure all material is passed to a reprocessor there should be a list of approved reprocessors, as well as a certifiable trail of manifests and delivery receipts to confirm the material has been recycled.

## 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?

10 years +

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

Yes





Applicants should be able to demonstrate support from the whole value chain and all obligated producers, including how they would work with Circularity Scotland Ltd to ensure the success of both schemes.

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 .

The Key Performance Indicators (KPIs) for the Deposit Management Organisation are quite comprehensive but performance will be judged on the return rate of containers placed on the market and the value for money it provides. Built into the KPIs should be an acknowledgement of the settling in process for the scheme, especially when it comes to consumer satisfaction. The DMO should not be judged on resolving technical issues as while it may be obligated to fund and operate the scheme, the maintenance is likely to be carried out by third parties.

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

In our view it is important to ensure a coherent digital infrastructure is in place, capturing EPR, DRS and the Plastic Packaging Tax, and we feel the Government is best placed to enable this. We would strongly encourage the Government to ensure these are as closely harmonised as possible to ensure ease of operation for producers. Design should be done in close collaboration with the appointed DMO which will be responsible for operating the scheme.

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

In our view, basing the payment of registration fees on the number of containers placed on the market is the fairest measure to create a level playing field and ultimately achieve the stated aims of DRS.

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

Drinks containers placed on the market

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

Yes

31.a 31.a Please explain your answer.

While we recognise that there are likely to be some unredeemed deposits in the system, if the scheme is reliant on a large number of unredeemed deposits as a revenue stream it creates a perverse incentive for the scheme not to succeed, and could point to wider issues with its performance. We would welcome a stricter definition of what is meant by "high level of unredeemed deposits". Ultimately, we support these being retained by the DMO to help fund the scheme, and it is vital that these remain within the system, but the DMO should not be solely reliant on this revenue stream.

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. The Deposit Management Organisation should be encouraged to be as efficient as possible and setting a floor could hinder this. The combination of a set minimum contribution from producer fees plus other revenue streams could end up masking inefficiencies in the running of the scheme, artificially inflating the cost. For example, there might be no financial incentive for the DMO to get the highest quality recycle returned or the best prices for the recycle from the reprocessors as the income from the producer fee would be guaranteed.

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

Other

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?

10p

▼

36.a 36.a If other please specify

In our view, in a well-operating DRS this should be a decision for the DMO, however setting the deposit at this level in legislation allows the DMO flexibility to set a meaningfully variable deposit. It is key that the scheme for the rest of the United Kingdom is interoperable with the scheme established in Scotland and setting the deposit at this level allows for alignment. Creating differences would be confusing for consumers and would mean producers would have to carry separate SKUs for Scotland and the rest of the United Kingdom.

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

No

▼

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

In our view, this should be a decision for the DMO however the preferred deposit level would be in line with what exists in Scotland.

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?

This is something we are very mindful of as a business and category, particularly the potential for consumers to switch to less healthy options and the impact multipack deposits could have on less affluent families. Clear communication to build understanding of DRS and the environmental impacts and benefits of the scheme will be key. Furthermore it is key that the scheme for the rest of the United Kingdom is interoperable with the scheme established in Scotland. Creating differences would be confusing for consumers and would mean producers would have to carry separate SKUs for Scotland and the rest of the United Kingdom.

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

While we are supportive of the proposal to allow the DMO to set the deposit level, in our view, ease of consumer understanding is absolutely critical to the success of any DRS. We believe that variable deposits based upon size of container increases the likelihood of consumer confusion and as such we would strongly encourage further consideration of this point. In addition, the deposit should not be subject to VAT as the DRS deposit is not an advance part payment for the product or a service in itself so should not function as a 'consideration for supply' and therefore should not create a tax point. HMRC's own guidance states that 'You do not have to account for VAT if the deposit is either refunded in full to the customer when they return the goods safely or kept by you to compensate you for loss or damage', which is the case in DRS.

## 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.

We agree with the overarching objective of ensuring consumers can easily engage with the scheme and return containers to the places they purchase them from. Obligating retailers selling in-scope drinks containers is a key element of this.

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?



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

In our view, with an extensive network of return points, regular and/or prolonged delays are unlikely. While there is potential for delay if consumers return large numbers of containers at once, modelling shows most are likely to return containers while doing their grocery shopping.

**42.a** 42.a Please explain your answer.

In keeping with the key principle of the scheme – ensuring it is as easy to return a container as it is to buy one – we support a takeback obligation being placed on all retailers, which includes online ones. This also aligns with the position taken in the Scottish DRS and will ensure interoperability across borders.

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

No

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

We support the DMO having the power to determine the calculation and modelling of the retailer handling fee. The handling fee should cover reasonable cost incurred by the retailer. However, if the handling fee takes into account the cost of purchase of infrastructure items and even vehicles then this creates questions around the ownership of the items and allocation of resources between DRS and non-DRS tasks.

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

Breach of safety × Close proximity ×

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

We welcome alignment with the Scottish scheme with similar exemptions and note that in the first consultation Nestlé expressed a view that no exemptions should be granted. However, given the importance of maintaining social distancing in the aftermath of the Covid-19 pandemic we believe certain exemptions should now be granted, although ultimately this is a decision for the DMO 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 × Signage to signpost consumers to the nearest return point ×

**46.a** 46.a Anything else? Please specify

We recognise that easy returns of containers for consumers will be key to ensuring the success of DRS. We would suggest that where available, retailers that are unable to host a return point are able to point to community hubs within a reasonable distance of the retailer.

**47** 47. Do you agree with our rationale for not requiring retailers exempted on the basis of a breach of safety not to be required to signpost to another retailer?

Yes

**47.a** 47.a Please explain your answer.

While we recognise the rationale behind this decision, not requiring exempted retailers to signpost the nearest return point could make it harder for consumers to return containers and be contrary to the aims of the DRS while any potential loss of trade is likely to be minimal.

**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?

3 years

**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?

Yes

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

We believe there are potential merits to integrating a digital DRS in the existing waste collection infrastructure and would in principle be supportive of incorporating this into manual schemes in the future. We will be following the results of trials underway in Wales and Northern Ireland with interest and monitoring the outcomes with the aims and objectives of a future DRS – capturing as much material as possible and driving high recycling rates – in mind. One point for consideration is that with a digital DRS there is no guarantee that the container would be disposed of in the right waste stream and this opens up the possibility of contamination or deposits being repaid on items that are not returned. As things stand this





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

While it is difficult to comment on this without evidence, as highlighted in the consultation we agree that the ability to scan unique codes limits the ability for consumers to fraudulently redeem containers twice and could potentially enable the digital transfer of funds. However, adding further facets and complexities to the scheme without consumer education and awareness-raising activity could inevitably create more opportunities for fraud.

**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?

No

**52.a** 52.a Please explain your answer.

As highlighted above, it is difficult to comment at this stage without evidence. Ultimately, we support this being a decision that is made by the future DMO and this could weaken delivery of a stated aim of DRS.

**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.

It is difficult to comment at this stage without evidence, however a digital DRS that uses existing kerbside infrastructure could mean fewer personnel are needed for manual take-back and would reduce the potential cost of RVMs.

**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?

Aligned and interoperable schemes across the UK, in addition to reducing the gap in implementation timings between the Scottish and rest of UK DRS, are two measures that are likely to reduce the incidence and likelihood of fraud in the system. While there are no labelling requirements set out in legislation for the DRS in Scotland, the scheme administrator has the power to set them itself and will likely do so, as it is necessary for an effective scheme. While we support mandatory labelling being placed in legislation, it should be for the DMO to set the specific labelling requirements. This would allow it to work with the Scheme Administrator in Scotland to ensure compatibility, taking into account what they choose to do to ensure compatibility and mitigate against risks.

**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.

In our view, there is a not insignificant risk of this, but we believe it to be manageable. Ensuring the schemes are as closely aligned as possible should help mitigate the risk but there remains the risk of incorrectly labelled products entering from Scotland. To mitigate against this it is essential that the Scottish and the rest of the UK DRS schemes are compatible (containers in-scope, deposit price and labelling requirements) and that any labelling requirements for DRS containers are the same across the whole of the UK. This will reduce the opportunity for fraud, remove the complexity and burden on producers to produce Scottish specific and rest of UK specific products and manage distribution through the UK-wide supply chain.

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

No



There should be some form of mandatory label set in legislation however in our view any decisions on what elements are on the label should be taken by the DMO in consultation with industry.

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

**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?

With the breadth of labelling changes that will be required to comply with both EPR and DRS, in addition to the complex supply chains of a company like Nestlé, in our view allowing 18 months for these changes is ambitious. We suggest a minimum of two years will be required.

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

Yes

**62.a** 62.a Please explain your answer.

Our business will have to change labels to conform with mandatory labelling, as well as complying with other labelling requirements already in place. This will require redesigning and, depending on requirements, new labelling machines. Any labelling requirements, whether set by Government or the DMO, should be set in consultation with producers. Measures that would mean requiring different SKUs for Scotland and the rest of the UK will significantly increase costs and space requirements throughout the value chain. Allowing the DMO to work with the Scheme Administrator in Scotland on labelling will reduce the likelihood of this. Interoperability of schemes is a key requirement here for efficiency.

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

Don't know

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

Giving the DMO responsibility for setting labelling requirements would build in greater agility to future proof the scheme in this area.

## 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

Many local authorities are already capable of treating in-scope containers in this way, not only ensuring the supply of higher quality material to be recycled and supporting a circular economy, but also deriving more value from the materials they collect for recycling for themselves.

**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?

Yes

**65.a** 65.a Please explain your answer.

**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?

Data on the quantity of redeemable containers in kerbside collections should be gathered by those responsible for its separation and should cover the amount actually recovered. This could be cross-checked by the reproprocessors receiving it to turn into recycled content and demonstrated by their output of high-quality material for reuse. It is likely that any material would be sent to bulk collection centres, and local authorities need to be able to prove material has been collected and any label invalidated to ensure the deposit can't be redeemed twice.

**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.

**68** 68. What option do you think best deals with the issue of deposit return scheme containers that continue to end up in local authority waste streams?

Option 2



As a producer we recognise that this is not our area of expertise however we believe that on balance option 2 is the best approach to take. Given the interaction between DRS and EPR, there will be a greater collection of data going forward so the compositional analysis required should become more feasible.

## 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?

No, however the legislation will need to compliment the EPR scheme, and ideally the sequencing of the two policies' introductions will occur in the right order to allow for the funds raised by EPR to support the scheme.

**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?

Local authorities will need to work with DMO to ensure the system works.

**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.

No, we feel this is a comprehensive list.

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

The most vulnerable point in the system for fraud lies with counting centres when accepting deliveries of in-scope containers, as this is the point at which fraud could be on a scale to make it economically appealing. Those delivering containers in bulk should be required to provide certain information, to identify which redemption points they came from and the counting centre can then record this information to be used should a potential fraud be identified. It will also be important to ensure the DMO cross-checks these.

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

Any issue is likely to have been identified by the DMO first and this would allow an errors or oversights to be corrected without needing to involve a regulator until the point where potential fraud has been confirmed. However, it will be important to ensure any response is proportionate and it is only escalated to the Regulator when non-compliance is found to have occurred.

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

Yes

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

## 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?

The difference between the timelines of the Scottish scheme and that of the rest of the UK will increase public confusion and the risk of fraud between the schemes so it should be minimised. Close coordination and liaison with the DRS scheme administrator in Scotland and the Scottish Government by the DMO and, before its appointment, Defra officials, will enable a good level of interoperability between the schemes and the benefit of learning from its experiences. Aligning the schemes in Scotland and the rest of the UK in both timing and consumer experience will bring benefits in understanding, fraud prevention and ultimately success for the two schemes. However, these benefits could be outweighed if a scheme were hurried through in any part of the UK without provision for adequate preparation. The difference in the timelines for the introduction of DRS, EPR, consistent collections and the Plastic Packaging Tax puts the smooth introduction of these measures at risk. They all share the stated aim of reducing packaging waste, each approaching it from a different angle and so their implementation should be closely aligned to ensure all have maximum chance of success.

**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)

In our view, 18 months is the absolute minimum viable time period required to set up the scheme, and ideally this would be two years.



**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?

As highlighted throughout this response we do not support an On the Go scheme, and feel that an all-in scheme, which aligns with others across the UK, has benefits that substantially outweigh any time savings that may be made from another system.

Chapter 10: Summary of approach to Impact Assessment

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

No

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

Nestlé supports an “all-in” DRS and recognises that while this may have higher set-up costs it also has the highest potential benefits and will deliver the best environmental outcomes in the longer term. We also note a discrepancy around the proposed implementation date in the Impact Assessment (2023) with the consultation document (late 2024). We would question whether the disamenity figures within the Impact Assessment are correct and note that lost sales have not been taken into account.

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