

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]@ccep.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?

Coca-Cola Europacific Partners

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

No

UI Unique Identifier:

ANON-HJCY-MEH1-S

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.

We believe DRS will be a critical part of driving a low carbon, circular economy and also helping us to meet our goal to collect a pack for every one we sell by 2025, and preventing our packaging from ending up as litter or in the oceans. Therefore, the sooner this can be implemented, the better. Covid-19 has not altered this view. As a producer of beverages across the country, we believe a interoperable DRS across all countries in Great Britain is crucial, particularly since Scotland will introduce a scheme as early as 2022. The proposed late 2024 date is unambitious and should be accelerated in order to deliver environmental improvements, mitigate against fraud, align with EPR and maintain a nationwide food and drink supply chain. At present we can produce a product in England, and it can be placed on the market in Scotland or Wales (and vice-versa). If there is a DRS in one territory, or varying DRSs across the nation, this product will need produced specific to the market it is being placed on, in order to mitigate against fraud. In turn, this would lead to increased costs, reduced efficiency, reduced consumer choice, and potentially more fraud.

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?


No




For CCEP, there will be a large impact (administration, labelling changes, producer fees etc.), but we believe this will be manageable as long as the schemes in England, Wales and Northern Ireland are well-designed and aligned to that in Scotland. While we anticipate the initial costs of setting up a DRS will be high, the running cost should be sustainable provided the design is aligned across Great Britain. If this is the case, we can produce a single SKU for the GB market as we do now. Fragmented system designs will lead to multiple SKUs for the same product and increase our costs potentially meaning the impact of a DRS will be extremely inefficient, and unmanageable. At present we can produce a product in England, and it can be placed on the market in Scotland or Wales (and vice-versa). If there is a DRS in one territory, or varying DRSs across the nation, this product will need produced specific to the market it is being placed on, in order to mitigate against fraud, which causes great complexity. In turn, this would lead to increased costs, reduced efficiency, reduced consumer choice, and potentially more fraud. There has not been a change in our views due to Covid. If anything, renewed focus on the green recovery and building back better, has renewed our enthusiasm to push for well-designed DRS introduction. In fact, despite the pandemic, in Scotland, the industry managed to form a DMO. This demonstrates industry's motivation to progress and overcome obstacles. In our view, the Scottish DMO has a governance structure which is a good template for other countries that follow suite. We would hope this ambition is replicated in other countries in Great Britain

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?

No

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

There is no clear industry or consumer definition of what ‘on-the-go’ actually is, thus it is difficult to ascertain the accuracy of the concept. The consultation captures the benefits of an all-in design clearly, which highlights the social advantages. The principle of maintaining an integrated British supply chain means that England, Scotland, and Wales should implement compatible systems – this means all-in everywhere, as Scotland is proceeding with an all-in model. We believe that the scheme should include all drinks products sold in PET plastic or metal (steel and aluminum) cans, not just those sold or consumed on the go. If the scheme is intended to address key issues related to low recycling rates, poor material quality, and littering of beverage products, focusing only on-the-go products will not achieve these objectives. On-the-go is a drinking occasion, but the manufacturing source of those packages, and the retail outlets they are sold from, can very often be the same as for drinks consumed in the home. For example, a family may purchase a multipack of drinks during a weekly shop at a supermarket and consume some at home and use the remainder for packed lunches and other on-the-go consumption. Recently, there have been images of litter strewn across parks from crates (multipacks). These multipacks would be considered out of scope of an on-the-go scheme, despite being consumed out of the home, thus there would be no incentive for these packs to be returned. An all-in model, would attach a levy and incentivise the shopper to redeem those associated packs. We have no evidence that the assumption that on-the-go packs are all purchased close to the point of consumption. Therefore, if a DRS is limited to on-the-go, the effectiveness of that scheme, even when combined with the effectiveness of household kerbside collections, will be much reduced. All-in will have: Greater social benefits • Greater environmental benefits – increased collection for recycling, reduced littering and also helps CCEP get closer to our 100% collection target. • Greater economic benefits. • Greater efficiencies and economies of scale. On-the-go will add consumer confusion – it will not always be clear which packs have a deposit and which do not – why should a consumer purchasing a bottle from a fridge at the front of store pay a deposit, when he/she could walk to the drinks aisle and purchase the same non-chilled pack without a deposit? This will mean participation will be hampered and targets could be missed. Additionally, if the intention is to mandate labelling for in-scope packaging, if some packs are in-scope in one country and not another, there will be untold complexity to supply chains from factories to retail, thus adding further cost.

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.

If the scheme in England is on-the-go there will be reduced environmental benefits. Recycling rates and quality would not be as high in England and littering rates would not be as reduced as it could be. The ability of the DMO to communicate with shoppers to drive participation will also be reduced. Messages and communications will not be as effective. Campaigns will have to be more localised and could lead to consumer confusion, reduced participation, thus reduced environmental benefits. There will be multiple problems if the schemes across Great Britain differ for businesses and consumers. Efficiency will be reduced as multiple versions of the same product will need to be produced, tracked, stored and transported, which will result in increased carbon emissions. Fraud susceptibility will be increased. Misaligned schemes implemented in different parts of Great Britain at different times would drive differences in the overall price paid by consumers for the same product in other parts of the country, so incentivise the transportation of products and used packaging between deposit and non-deposit parts of the country. Overall costs of trying to adapt to such a scheme would be more costly, and potentially lead to higher consumer prices. An on-the-go system would undermine legitimate businesses, create potential consumer confusion, lower consumer trust in the system and limit the effectiveness of the scheme(s). For example, assuming a deposit level of 20p, a lorry load of 330ml cans has a deposit value of approximately £15,000. An aligned approach across various schemes can mitigate the risk of fraud. Therefore, we strongly advocate for aligned scope between systems established across the nation. Scotland and Wales have both committed to an all-in model, as should England. Not only for the reasons of interoperability to assist the supply chain, but in order to deliver the optimum environmental outcomes.

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?



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

The principle of maintaining an integrated British supply chain means that England, Scotland, and Wales should implement compatible systems – this means all-in everywhere. If the scheme in England is on-the-go there will be reduced environmental benefits. Recycling rates and quality would not be as high in England and littering rates would not be as reduced as it could be. At present we can produce a product in England, and it can be placed on the market in Scotland or Wales (and vice-versa). If there is a DRS in one territory, or varying DRSs across the nation, this product will need produced specific to the market it is being placed on, in order to mitigate against fraud, which causes great complexity. In turn, this would lead to increased costs, reduced efficiency, reduced consumer choice, and potentially more fraud. The ability of the DMO to communicate with shoppers to drive participation will also be reduced. Messages and communications will not be as effective. Campaigns will have to be more localised and could lead to consumer confusion, reduced participation, thus reduced environmental benefits. There will be multiple problems if the schemes across Great Britain differ for businesses. Efficiency will be reduced as multiple versions of the same product will need to be produced, tracked, stored and transported. Fraud susceptibility will be increased. Misaligned schemes are implemented in different parts of Great Britain at different times would drive pricing differences between the same product in other parts of the country, so incentivise the transportation of products and used packaging between deposit and non-deposit parts of the country. This would undermine legitimate businesses, create potential consumer confusion, lower consumer trust in the system and limit the effectiveness of the scheme(s). For example, assuming a deposit level of 20p, a lorry load of 330ml cans has a deposit value of £15,000, An aligned approach across various schemes can mitigate the risk of fraud. Therefore, we strongly advocate for aligned scope between systems established across the nation. Scotland and Wales have both committed to an all-in model, as should England. Not only for the reasons of interoperability to assist the supply chain, but in order to deliver the optimum environmental outcomes. On-the-go is a drinking occasion, but the manufacturing source of those packages, and the retail outlets they are sold from, is very often the same as for drinks consumed in the home. For example, a family may purchase drinks during a weekly shop at a supermarket and consume some at home and use the remainder for packed lunches and other on-the-go consumption. Recently, there have been images of litter strewn across parks from crates (multipacks). These multipacks would be considered out of scope of an on-the-go scheme, despite being consumed out of the home, thus there would be no incentive for these packs to be returned. An all-in model, would attach a levy and incentivise the shopper to redeem and clear those associated packs. There is no evidence that the assumption that on-the-go packs are all purchased close to the point of consumption. Therefore, if a DRS is limited to on-the-go, the effectiveness of that scheme, even when combined with the effectiveness of household kerbside collections, will be much reduced. All-in will have: Greater social benefits • Greater environmental benefits – increased collection for recycling, reduced littering and also helps us get closer to our 100% collection target. • Greater economic benefits. • Greater efficiencies and economies of scale. On-the-go will add consumer confusion will mean participation will be hampered and targets could be missed. Additionally, if the intention is to mandate labelling for in-scope packaging, if some packs are in-scope in one country and not another, there will be untold complexity to supply chains from factories to retail, thus adding further cost. Drinks containers over a specific size, 3l, should be excluded, as should containers smaller than 50ml. This is because these sizes are rare and do not contribute a significant amount of litter compared to those containers that are in between. Furthermore, reverse vending machines (RVMs), that will be critical infrastructure in a scheme's implementation, are usually not designed to capture materials smaller than 50ml and bigger than 3l. An all-in model is far superior for the environment, businesses and the consumer and must be the only model considered.

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 manufacture and sell an 850ml bottle for instant consumption, however, under these proposals, that pack could not be redeemed in an on-the-go DRS. There is no standardized model of an on-the-go DRS. We do not agree that on-the-go is a clear concept that would deliver the environmental benefits sought. It would also confuse the shopper and increase the cost of doing business. Therefore we do not support an on the go system, regardless of definitions of packs included.

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?

Reverse vending machine companies have advocated the inclusion of glass within a deposit return scheme. However, further discussions/investigations should be carried with these companies out to understand the greater cost of machines which collect and compact glass and the requirements for servicing and maintaining these machines versus those which collect only PET and cans. If glass is included, the cost of the logistics of collecting and sorting glass should be reflected in the producer fees for that material, as it should be for the other materials, metal & plastic.

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?



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.

Multipacks of small sized units that could be substituted for larger packs could be impacted disproportionately if units within are levied individually at the same rate as other single packaging modes. The scheme administrator (or DMO) could determine how best to address this by considering variable deposit rates.

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

Given the complexity of the UK's supply chain, a different system in Scotland, and potentially different systems in other UK countries, as well as the introduction of EPR, the 90% target is extremely ambitious. We would be confident, that a well-designed, and interoperable system could achieve close to 90% collection within three to five years, alongside other packaging reforms, on the assumption it is an all-in design across the UK and on the basis of benchmarks from across other systems in Europe. It also needs to be clear that 'Year 1' commences on 1st January after the initial period of operation (first full calendar year), as will be the case in Scotland. As a benchmark, in Norway, one of the most highly regarded DRS, total % cans returned through RVMs is 89.5% and PET is 89.4%. This is a system that has been running for nearly a decade and started on the back of a refillable system which required consumers to return empty bottles to retailers – therefore there was a level of consumer understanding in place when the scheme was introduced. The Norwegian DRS only reaches recycling/recovery rates in the high 90s by adding material sorted from central waste sorting plants, but this material coming through non-DRS routes is usually incinerated not recycled bottle to bottle. In Sweden, a similarly highly regarded scheme, the total recycling rate of PET bottles and aluminium cans is 85.8%. It is also worth noting that different return rates will be likely for different packaging types. The highest RVM return rates tend to be for home channel packs such as Large PET, which can achieve as high as 95% return rates in countries such as the Netherlands. However, large glass packs, as collected in the DRS in Finland, have lower return rates – closer to 80% - as a result of the nature of the longer term consumption of the product within (often spirits) and the difference in the proportion of the price between the product and the deposit. Therefore, the DRS should think about setting targets by material/packaging type. For question 22, there is no international example of an on-the-go DRS. If an on-the-go system was introduced, it would only obligate a small proportion of the total market. It would be unlikely to be able to meet the same targets as an all-in scheme on the basis of the nature of the packs included. At home packs such as large plastic bottles are more likely – based on evidence from other, existing DRS schemes - to have higher return rates than packs more commonly consumed 'on the go' such as cans or smaller plastic bottles. As a result, it would be very unlikely to be able to meet anything like the average return rates of an 'all in DRS'.

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.

Government should clarify what is means by 'placed on the market' and the intended outcome of requiring such data to be reported. Most initial (retail/wholesale) customers of the UK drinks market operate UK-wide and it is up to them how they distribute across their stores/the nations within the UK once stock is delivered to main supply bases. Producers neither have any control or sight of this data. So it should be down to the retailers. Therefore, whilst in theory most producers/brand-owners could report the nation in which a product is first placed on the market, it will not be possible for most producers/brand-owners to accurately declare where its eventual sale to the end-user (consumer) takes place. Therefore there may be limited value to Government in gathering such data at that point in the supply chain (i.e. the first point of sale, such as to a wholesaler), given the various routes to market and stock movements typical of the UK and Irish drinks markets. However, should Government require a level of accuracy about 'final' sales to consumers, we recommend that it considers the feasibility of asking the final sellers of in-scope products to report sales to consumers, although it is understood that this may be highly onerous for many businesses.

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?

Reprocessors should be mandated to report reprocessed volumes, by material, by quality of recyclate, to complete the data picture. Having taken ownership of collected materials, the DMO should have flexibility in showing how collected material is recycled and/or where it is sold. This may allow more options to the DMO to support closer-loop recycling, and domestic reprocessing, rather than being tied to using existing

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?

No

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

The tender / assessment criteria proposed appears to miss out a clear, essential requirement for a given 'bid' to have to demonstrate widespread support of obligated industry (rather just "ensuring representation and feedback from affected stakeholders" within the "decision process" of the DMO. This is despite page 40 of the consultation document stating that "there will be an obligation in the tender process that any successful bid must be made up of or demonstrate the support of the relevant drinks producers and retailer trade associations". Having strong support among the obligated sectors (i.e. producers / brand owners) is vital for a successful that command the confidence of all involved, and crucial to ensuring that the DMO would truly be an industry led but independent not-for-profit entity. Further, "affected stakeholders" may be too numerous and disparate to accommodate, and ongoing involvement could hinder the efficiently of decision taking. Separately, we welcome that any consideration regarding the deployment of "innovation" and also of "how existing collection and recycling infrastructure could be utilised to provide greater value for money" will sit with the DMO rather than be a requirement or outcome of the regulations.

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 primary requirements of the DMO should be set out in regulations and include collection targets. The KPIs within the consultations are secondary and should not concern the government at this stage. They should be agreed between the government and the DMO.

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?

No

28.a 28.a Please elaborate on your answer

The DMO, which will represent the main stakeholders in the DRS is best placed to create digital infrastructure that is relevant to the DRS' operation if that is required. We strongly recommend that the DMO, not the government, takes on this task.

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

All drinks on the market should be in-scope. Introducing a de minimis threshold should only be considered for the registration fees (e.g. one-off/annual) payable to the DMO to cover the administrative costs of contracting with it and 'on boarding' products. The DMO should have a role in working with government to determine what level this could be set at – in order to ensure accessibility and coverage, whilst also not overly subsidising producers' responsibilities. There should be no exemptions to the wider obligations under a DRS, and all producers/importers of in-scope products should be obliged to join the scheme. Therefore the per-unit producer fees should apply to every container placed on the market, irrespective of the size of business that was responsible (i.e. brand owner/importer) for this. Not doing so would be counter to the notion of extended producer responsibility and would see other producers unfairly subsidising the collection and treatment of others' packaging waste.

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?

No

31.a 31.a Please explain your answer.



producers on whose behalf it was failing to fulfil extended producer responsibility obligations). This performance framework would provide an incentive to continue investing funds (producer fees and unredeemed deposits) in increased performance. Additionally, to ensure its effectiveness and efficiency, the DMO would exercise independence and be established on a not-for-profit basis. As a not-for-profit, no funds could/would be paid-out of the scheme, or constitute any form of 'dividend'. Instead, in steady-state operations, once the significant start-up and capital costs of establish the systems had been repaid, any funds retained by the scheme above the annual operating costs (and maintenance of reserve funds) would be expected to reinvested into the scheme, increasing performance and upgrading the infrastructure overtime. Furthermore, as the consultation document acknowledges, it is unlikely that producer fees will ever be set at zero, as there is no time limit on when containers can be returned into the system and therefore a reserve of funds would always have to be kept. Government should be aware that the retention of unredeemed deposits within the system is observed in best-practice DRS systems internationally. In addition to the per-unit producer fees paid by producers and the resale value of the collected materials, the unredeemed deposits contribute essential funding to make sure the DRS is properly resourced to achieve the targets set without increasing the costs to citizens or businesses who are doing the right thing by recycling their packages through the DRS. It is an essential feature of the Scottish DRS, and as the Scottish Government acknowledged, 'the usual model adopted in Europe is to calculate the income derived from unredeemed deposits and material sales, and adjust producer fees to make up any shortfall to its budget'. We support the Government's preferred option (1) of allowing unredeemed deposits to part fund the scheme to whatever extent they are collected.

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 DMO should be a non-profit organisation administering the scheme funded by industry with the aim to increase collection rates. The initial consultation in 2019 also favoured this approach. The unredeemed deposits and the value of the material sales are essential funding streams to make sure the DRS is properly resourced to achieve the collection targets and benefits to the environment, without increasing the costs to citizens or businesses who are doing the right thing by recycling their packages through the DRS. Retention of unredeemed deposits within the system is observed in best-practice DRS systems internationally. Unredeemed deposits and revenue from the sale of materials should be used to fund the system, and the balancing payment to create a break-even, not for profit organization, should come from producer fees. If this formula is implemented, there should be no need to implement a minimum level of producer fee.

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.

All unredeemed deposits should remain within the system. The DMO should be a non-profit organisation administering the scheme funded by industry with the aim to increase collection rates. The initial consultation in 2019 also favoured this approach. The unredeemed deposits and the value of the material sales are essential funding streams to make sure the DRS is properly resourced to achieve the collection targets and benefits to the environment, without increasing the costs to citizens or businesses who are doing the right thing by recycling their packages through the DRS. Retention of unredeemed deposits within the system is observed in best-practice DRS systems internationally. Unredeemed deposits and revenue from the sale of materials should be used to fund the system, and the balancing payment to create a break-even, not for profit organization, should come from producer fees. If this formula is implemented, there should be no need to implement a minimum level of producer fee. All excess funds should be reinvested in the scheme, particularly on marketing to ensure continued success and drive return rates further. The scheme itself will benefit many other environmental causes through its operation. However, a well run DRS is a delicate operation that relies on reliable financial flows, forecasting and stability. The government rightly recognizes that by establishing a DRS, there can be incredible benefits to the environment and the circular economy. It is not being set up to subsidise other environmental issues, and should never be seen as a mechanism for funding other causes.

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 welcome the government acknowledging the DMO is best placed to set the deposit level. The deposit is a key lever for the DMO to use to ensure it meets the high collection targets set by the government. By setting a range, the DMO's levers are stymied to an extent. The government should instead set the legislative framework, setting out key collection objectives for the DRS and targets to be met. As such, it is not necessary for a minimum or maximum range.

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?

37.b 37.b If other please specify

We welcome the government acknowledging the DMO is best placed to set the deposit level. The deposit is a key lever for the DMO to use to ensure it meets the high collection targets set by the government. By setting a range, the DMO's levers are stymied to an extent. The government should instead set the legislative framework, setting out key collection objectives for the DRS and targets to be met. As such, it is not necessary for a minimum or maximum range.

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?

We welcome the government acknowledging the potential impact on those who purchase multipack cans and bottles. As indicated within the consultation, the DMO could set variable deposit rates (apply a different deposit level to different packaging sizes) to mitigate against this impact. However, this would be a decision for the DMO. Deposit levels should be consistent across article levels of a similar volume. For example, a 330ml aluminium can should have the same deposit level regardless of being in a multipack or not. If not, a situation could be created where some stores could break open multipack products and sell them separately, "undercutting" the products being sold as singles.

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 welcome the government acknowledging the potential impact on those who purchase multipacks. As indicated within the consultation, the DMO could set variable deposit rates (apply a different deposit level to different packaging sizes) to mitigate against this impact. However, this would be a decision for the DMO. Deposit levels should be consistent across article levels of a similar volume. For example, a 330ml aluminium can should have the same deposit level regardless of being in a multipack or not. If not, a situation could be created where some stores could break open multipack products and sell them separately, "undercutting" the products being sold as singles.

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.

The greater the coverage of the scheme, the more likely it is to succeed and deliver the environmental goals of the policy. However, we recognize that there may be instances in which an exemption from this rule could be required and agree with the development of a process to grant exemptions where necessary. Increasing recycling and reducing littering is a shared responsibility for society, and therefore all parties must play a role. We agree with the consultation, that all retailers - supermarkets and convenience stores alike - that sell products within the scope of the regulations need to act as return points to enable a workable system. We believe that the proposals for hospitality are appropriate. An interoperable scheme will ensure great scheme efficiency of the scheme.

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?

If the obligation on retailers to host return points is as set out within the consultation, with very few exemptions, then customers should not experience delays. Some delays may occur from time to time if demand for return points exceeds capacity at some stores at busy times. Our experience from other markets is that consumers tend to adapt to use return points and build return habits which will be most convenient for them with minimal delays.

42.a 42.a Please explain your answer.

As recognised within the consultation, given the nature of retail today and the increasing number of online sales, we believe that online retailers selling DRS products should also have a takeback obligation, which will further enhance the accessibility of the scheme. It will maintain a level playing field between the high street and online. Many online retailers currently manage to take back and refund plastic bags – plastic and metal drinks containers could be handled similarly.

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

43.a 43.a Would you propose any additional criteria are included for the calculation of the handling fee?
The retailer handling fee should be established by the DMO and retailers through an independent arbitrator.



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
There should only be exemptions in the most exceptional cases and this should be determined by the DMO. Everywhere a consumer can buy a packaged drink, should be able to take back articles of the packaging they sell. We believe all retailers will benefit from being able to operate return points by driving footfall and avoid customers going elsewhere to return their packaging. Therefore, exemptions should only be applied for in the most exceptional circumstances.


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?
There should only be exemptions in the most exceptional cases and this should be determined by the DMO. Everywhere a consumer can buy a drink, should be able to take back articles.

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

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.
To avoid consumer confusion, retailers should be required to indicate why they are unable to host a return point. The consumer can therefore understand this, and not assume it is not for that store type, but for unique circumstances specific to that store.

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?

No 

50 50. How could a digital deposit return scheme solution be integrated into existing waste collection infrastructure? Please explain your answer.
An app could also help reduce the handling of cash and increase efficiencies. However, we strongly advocate for DRS infrastructure and collection systems to be kept separate from existing waste collection infrastructure. Therefore we would be seriously concerned if digital DRS was integrated into existing waste collection infrastructure, as we would not be able to obtain the quality of recyclate so critical to drive a circular economy for DRS materials. In addition, trials concerning a digital DRS require individual labels printed on each individual packaging unit (serialization). Technology to achieve this at our factory line speeds, and across industry, has not been developed and remains a long way off. Therefore we strongly advocate for the development of a more traditional DRS system which is proven and effective. A further concern is that digital DRS could also discriminate against those without smartphones, or those who live in areas with poor connectivity. In 2020, 16% of UK did not possess a smartphone and some areas still suffer from poor connectivity. If these technological barriers can be overcome, then there is a possibility that digital solutions could complement the traditional infrastructure to enhance a DRS. However, it is unlikely to be available on a commercial scale before implementation in 2024. Furthermore, if the model is for a consumer to scan a pack on their phone as they dispose of packaging, it is unclear what prevents them from scanning a pack and disposing of it in an incorrect bin or littering. They would benefit from redeeming a deposit without undertaking the desired behavioural change. Digital DRS will be carbon intensive, if using blockchain technology and it could fail to remove beverage packaging from existing kerbside collection and therefore the quality of materials will not improve, and the risk of higher littering levels remains.

51 51. What are the potential fraud control measures a digital deposit return scheme could bring? Please explain your answer.
Theoretically, serialized packs linked to a cloud based blockchain would mean that once redeemed, the serial number is deleted from the 'cloud' and the pack cannot be redeemed a second time, versus a traditional DRS, which relies on the EAN code. However, it is possible for digital DRS to bring other, new ways to 'defraud' the system. For example, if the model is for a consumer to scan a pack on their phone as they dispose of packaging, it is unclear what prevents them from scanning a pack and disposing of it in an incorrect bin or littering. They would benefit from



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.

The more packs are returned to kerbside, the greater the contamination levels of collected materials. This is inevitable. It is unclear how a digital DRS with kerbside return points would reduce or even maintain parity with an all-in system led by reverse vending machines and manual return points. Our goal is to produce plastic bottles and cans made only using recycled materials, we have achieved this for plastic bottles in countries which have a well-functioning DRS but have not achieved it with any country or region which has a household collection scheme. Regardless of the relative performance of some household collection schemes against others, none achieve the quality required for high content food grade reuse.

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.

Digital DRS is today at best, theoretical and its introduction relies on the development of new technologies which are not commercially viable. As a result, there are no international examples of how a digital DRS would work, let alone reduce costs. While on paper it may look attractive from a capital cost perspective, there may be many other costs incurred both for producers, operators and local authorities which would in fact amount to higher overall costs. For example, the increased waste levels from articles entering kerbside collections would require further sorting, and potentially increase costs and carbon emissions.

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?

Yes, we would support steps to make it easier for return points to prepare for DRS implementation, including making any changes deemed necessary to host reverse vending machines, if they are deem appropriate for the forecast level of consumer returns.

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?

Fraud susceptibility will depend on the design of the scheme. The most significant risk of fraud will come if various misaligned schemes are implemented in different parts of Great Britain at different times. These would drive pricing differences between the same product in other parts of the country, so incentivise the transportation of products and used packaging between deposit and different (or no) deposit parts of the country. This would undermine legitimate businesses, create potential consumer confusion, lower consumer trust in the system and limit the effectiveness of the scheme(s). Therefore, we strongly advocate for inter-operability between systems established across the nation. The risk of fraud if Great Britain was to have fragmented systems is considerable. For example, a lorry load of 330ml cans with a 20p levy, has a deposit value of £15,000. An aligned approach across various schemes can mitigate the risk of fraud.

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.

It should be within the control of the DMO to lay out labelling requirements on producers, this will give the DMO the flexibility to more quickly adapt to fraud or operational opportunities. There should be a requirement on producers to be a member of a DMO and for the DMO to lay out how packs should be identified and reported. There should be enforcement actions and penalties for any party introducing product into the market which is not properly registered with the DMO.

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



59.a 59.a Please explain your answer.

Decisions to adopt labels to aid consumer understanding, prevent fraud, or for other purposes (e.g. technological innovation) must sit with industry via the DMO. However, a minimum requirement of an identification marker that can be read by reverse vending machines and manual handling scanners (i.e. a barcode) must be regulated for to allow for automated returns and checks. We recommend the future DMO should encourage and incentivise the adoption of markings / logos to identify a product as part of a deposit return scheme, but not mandate this. Whilst having such markings would be beneficial to consumers' and others' understanding of the scheme, mandating it for every product and producer risks creating complexities given the UK supply chain, and the operation of DRS already in Scotland and the Republic of Ireland. Again, if the DMO is given flexibility over such matters, it can take a pragmatic approach to this, particularly in the earlier years of the scheme. This could involve allowing a tapered approach, potentially incentivised through the producer fees applied.

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

If Government can set out its final regulations with sufficient lead time, it would seem reasonable for smaller to adopt the minimum requirement of an identification marker that can be read by reverse vending machines and manual handling scanners. Alternative options would require the post-production labelling of in-scope products (i.e. using stickers), but doing so is likely to be less efficient and potentially more susceptible to fraud.

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

Yes

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

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

Don't know

62.a 62.a Please explain your answer.

It is dependent on the interoperability between the schemes across the UK.

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

Yes

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

By giving the DMO the power and flexibility to determine labelling standards and requirements, it will be able to consider future developments as they become viable across industry and potentially adopt those that would support the scheme outcomes.

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?

No

64.a 64.a Please explain your answer

We reject the idea of using kerbside services for collecting in-scope DRS materials for the reasons outlined in the consultation itself. The consultation document is clear that using councils' kerbside collections for in-scope DRS materials would be 'a failure of DRS' (page 75), and also that recycle quality would be adversely impacted and lead to 'less circularity' (page 76). We do not think that local authorities / material recovery facilities will be able to separate out containers in a way that prevents contamination and preserves the material quality required. Further, we do not think that such arrangements could be made without creating an incentive for local authorities to "compete" with the DRS and promote returns via kerbside, which would undermine the DRS and the DMO's ability to achieve its legal obligations. Any articles that are not readable can be returned to the DMO for a scrap compensation value.

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.

Local authorities should be able to redeem clean and readable scheme articles at a reduced rate of deposit to reflect the lower quality of collection via kerbside. If local authorities have sub-contracted reprocessing to MRFs, then the commercial discussion between to two parties should take into account the above. Any articles that are not readable can be returned to the DMO for a scrap compensation value.

66 66. In order to minimise the risk of double payments from the Deposit Management Organisation to local authorities, where should data be



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.

Option 3 should not be considered. It will endanger the viability of the whole DRS.

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 1

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

Local authorities should be able to redeem clean and readable scheme articles at a reduced rate of deposit to reflect the lower quality of collection via kerbside. If local authorities have sub-contracted reprocessing to MRFs, then the commercial discussion between two parties should take into account the above. We reject the idea of using kerbside services for collecting in-scope DRS materials for the reasons outlined in the consultation itself. The Government's consultation document is clear that using local authority kerbside collections for in-scope DRS materials would be 'a failure of DRS' (page 75), and also that recycle quality would be adversely impacted and lead to 'less circularity' (page 76). We do not think that local authorities / material recovery facilities will be able to separate out containers in a way that prevents contamination and preserves the material quality required. Therefore no option listed is the optimal outcome from an environmental perspective, however, Option 1 is the simplest and aligns with the Scottish DRS. Should the DMO deem that a particular local authority can ensure material quality, it should be up to the DMO to decide whether it wishes to interact / allow L.A.s to return collected and separated in-scope containers. However, given that in such a scenario consumers would have forfeited their full deposit – by way of returning via kerbside/litter – it is not clear why local authorities should be entitled to claim 100% of the deposit value. We would recommend that the DMO only pays out the net costs (of collecting and sorting containers), not the full deposit value, and only once the containers had been counted and their quality verified. Any articles that are not readable can be returned to the DMO for a scrap compensation value. Studies from the Scottish Government, Welsh Government and Eunomia all indicate an all-in DRS will be a net benefit to local authorities.

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?

There may be a role for regulators to ensure that obligated parties are responsible in their communications regarding the scheme – both to consumers and B2B – and to ensure that parties do not actively act in a detrimental manner to the performance of 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?

We suggest central government/regulators increase funding, or fund additional spot-checking capabilities.

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.

The DMO could be deemed to be in breach should it repeatedly fail to calculate accurate return point handling fees. However, conversely 'not setting correct producer fees' shouldn't constitute a breach – it is an accounting issue that should be instead addressed via contract KPIs. Government must define what it means by the term 'Not ensuring adequate provision of return points'. 'Adequate' is a function of an extensive RPO network, whereas accessible would mean that all consumers are served and have the ability to redeem their deposits. The subheading of 'producers' should also include importers. Importers should be defined as companies bringing stock in from other areas of Great Britain, if the schemes are not interoperable.

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

The resources currently planned to police the system are inadequate. Retail experiences on imported products like tobacco and alcohol show that enforcement of regulation similar to this is not successful. Any differences in the systems between different countries of the UK will cause vulnerability. There will be multiple problems if the schemes across Great Britain differ for businesses. Efficiency will be reduced as multiple versions of the same product will need to be produced, tracked, stored and transported. Fraud susceptibility will be increased. Misaligned schemes are implemented in different parts of Great Britain at different times would drive pricing differences between the same product in other parts of the country, so incentivise the transportation of products and used packaging between deposit and non-deposit parts of the country. This would undermine legitimate businesses, create potential consumer confusion, lower consumer trust in the system and limit the effectiveness of the scheme(s). For example, a lorry load of 330ml cans has a deposit value of £15,000. An aligned approach across various schemes can mitigate the risk of fraud. Therefore, we strongly advocate for aligned scope between systems established across the nation.

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

Yes, but the DMO alone cannot ensure full compliance or prevent fraud, particular organised criminality.

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

Yes, but criminal activity (organised fraud) should be sooner met with criminal sanctions and criminal law, rather than mere warning and penalties.

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?

While we welcome the acknowledgement that the Christmas period must be avoided for implementation, the date of 2024 or 2025 is not as ambitious as it should be. Given producers and retailers operate an integrated supply chain, the ever widening gap between Scotland and the rest of the UK adds cost and complexity. To address this, the government should fulfill the manifesto commitment to implement a DRS before the end of this parliament. While we appreciate the unforeseen nature of the pandemic, we now believe the timeline can be accelerated. According to the consultation, the time between procuring and appointing a DMO will be over 12 months. This can be abridged, even if it means revising the competitive tender process in favour of another appointment process. As demonstrated in Scotland, retailers and producers have agreed a governance structure for a DMO. This could be replicated in England and Wales and bring forward the timeline for implementation. Appointment of the DMO by mid-2022, alongside the passage of secondary legislation could then allow for a reasonable lead-in time for logistics and systems to be established by 2023 or early 2024.

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?

18 months

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

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?

Not applicable, as we do not understand an on-the-go model.

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

• We support Option 2 presented in the Impact Assessment: to introduce an 'all-in' deposit return scheme, but note the discrepancy of a proposed implementation date of 2023 (which we favour) with that of the consultation document 'late 2024'. We welcome that the Assessment acknowledges the role of unredeemed (forfeited) deposits in contributing to the scheme's running costs and overall investment, alongside the payments from producers in the form of per-unit producer fees, and the material revenue gained from selling materials to be recycled. However, we disagree with the notion that 'excess' funds may arise as a result of the unredeemed deposit income – particularly as elsewhere Defra state that legislation (and therefore penalties and sanctions) would enforce the "collection target of 90% after three years from the introduction of the scheme, with a view to this target being phased in over the three-year period", which would "ensure that no perverse incentives exist in the system to achieve low recycling rates so that unredeemed deposits cover the full costs (rather than producer fees)". • Unredeemed deposits should be fully reinvested into the system to contribute to running costs, investment in increased performances, and the long-term repayment of the significant start-up (capital) costs. There should be no cap/threshold applied to their use nor to the amount that producer fees amount to – given that they are the residual full net cost/"balancing" payment. • We disagree with the assessment and proposal for Local Authority payments, a refer officials to the answers given to questions 64-68. • We are unclear about the proposed phasing of DRS Scotland and DRS England and Wales in relations to producer responsibility and EPR. The current plans will lead to a gap for obligated producer transitioning from one scheme to another. We would welcome clear, simple and aligned timelines.

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