

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]@asda.co.uk

Q3 (ST) Q3. Which best describes you?

Retailer including online marketplace

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

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

Asda

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

No

UI Unique Identifier:

ANON-HJCY-M5TP-M

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.

Given the impact of Covid retailers have been engaged heavily investing in Covid security and increasing online delivery. We are concerned about the cumulative burden of legislation as businesses continue to evolve to support covid recovery. The implementation of a DRS will result in increased costs that businesses will have to absorb on top of the unexpected investment they have had to make during the pandemic. The scheme is unlikely to be cost neutral for retailers (as promised through the handling fee), and we feel strongly that customers, particularly those on lower incomes, should not be disproportionately impacted by higher cost drinks.

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

Not answered

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

Large impact but still manageable

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

Yes - because of both economic and social impacts

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

Implementation of a DRS must be considered within the wider context of policy measures around resources and waste, including the ongoing



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 ✕ Corks in glass bottles ✕ Plastic bottle caps on plastic bottles ✕

Foil on the top of a can/ bottle or used to preserve some drinks ✕

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.

It would have been preferable for the consultation to also have considered the pros and cons of the schemes excluding glass from the material mix.

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.

Asda's key concern is to maintain as much consistency across the home nations as possible and for there to be a co-ordinated approach. This is imperative with regard to labelling requirements, and in preventing cross border fraud. The costs to retailers and producers to meet different labelling requirements in a single UK market is challenging and costly. However, we also recognise we need the right solution, and should not necessarily be led by schemes being implemented ahead of England.

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.

The choice of the model for a DRS depends on key Government objectives. If the objective is to reduce litter and increase recycling rates, then the on-the-go options would logically be the best option addressing litter and offering an on-the-go recycling solution. However, we recognise that this model may be complex and difficult to understand for the wider public. We believe that the customer experience should be central to developing any DRS, minimising confusion and complexity and making it as simple as possible to take part. We also note that this question only offers the choice between two options – and does not give the opportunity to choose any other options such as the Option 4 that has been modelled in the impact assessment (all in with no glass) which would be our preference.

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?

Yes

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)?

Yes

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

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?

Yes

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

Asda are extremely concerned about the compaction of glass, and extensive evidence has been put forward by British Glass around the unpredictability of bottle breakage in RVMs. Asda's preference is for the DRS scheme to exclude glass, which avoids the issues of health and safety ; storage capacity if kept whole and usability if crushed . Littering of glass is low, and purchase of glass on-the-go products is also minimal. If glass is included as part of consistent kerbside, the need for glass DRS is negligible We also have specific concerns around including glass within any proposals for online takeback. Glass is bulky and heavy, taking up significant space on a delivery vehicle and leading to additional road journeys.

before being scanned at an RVM, then we will be unable to track this. Our preference would be to have glass excluded from DRS, and especially from online take back.

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?

No

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.

No

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

This will depend on the design and implementation of the scheme. The relative costs attached to EPR may be a more significant reason for material switching, thus it is imperative that the schemes are developed closely together to avoid unintended consequences. If there is a decision to vary the producer fee by material, then this is more likely to have a significant impact on material switching.

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?

85%

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

No

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

We do not necessarily feel this is the case, and the Government would need to take into account the impact of both EPR and consistent kerbside in each nation.

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.

Reporting for DRS will also need to take into account the impact of EPR legislation and reporting, so that the systems are connected and complementary to each other. It is vital that legislation is dealt with sequentially to ensure success of all schemes. Labelling will be an important consideration to ensure that containers are properly tracked as they move through the supply chain. This will become more challenging if there is disparity in how different nations track or label items. Producers will place larger amounts into a marketplace than are sold. This could be due to breakage, going out of date, being given to charity/foodbanks. Thus it is important to understand that not all containers will pass through a fill point with retailers and the two reported numbers will vary. As a retailer we can track which items are sold, and which are given to food banks, and where possible which items are unable to be used due to damage.

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?

This is a decision for the DMO.

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?

5 - 7 years

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

Yes

Following on from the appointment of the Scheme Administrator in Scotland, there are a number of learnings to be taken into account. We believe the tender process should show a clear understanding and plan with regard to day-to-day operations, and in particular the journey of the end consumer. Understanding of how the supply chain, timings, IT systems and online systems work will be key to success. The DMO will need to demonstrate a clear understanding not just of producers, but also how the retailers work to fully understand the customer journey and complexity in the system. It is also imperative that the tender considers the communications required, both for producers and retailers taking part in the scheme, but more importantly, for customers. By putting themselves in the position of the customer right from the tender process, they will develop a scheme that is most likely to be successful.

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

Yes

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

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

This system needs to be consistent across all nations, or better still be shared by nations to report how DRS is working. We would require clarity over who would own the data, and who would be able to access it. It is important that retailers and producers can track and access data over time and as containers move through the supply chain and are returned. This system should also be closely linked to any systems developed for EPR, or any other regulator databases for tracking waste.

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

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.

We recognise that this is unlikely, however if there was a scenario where less than 70% of deposits were redeemed then this could impact on funding the scheme. A high level of unredeemed deposits would also show that the scheme is not working. Taking Asda as an example, sales of in-scope products (assuming glass is included) in England/Wales/Nl is around 2.66bn individual units. If 30% aren't returned then there will be around £372m in unredeemed deposits in Asda alone. That is a significant sum not being returned to customers, many of whom are on low income. Taking into account the handling fee and investment required in in RVMS, a lower than expected takeback wouldn't cover cost of investment in infrastructure.

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?

If infrastructure costs rise then the producer fee could rise, this will have a knock on impact on the cost of goods. This cost will be borne by the consumer and disproportionately impact those consumers on lower incomes.

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.



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

The Government must ensure that the deposit level is consistent across all nations to ensure the customer journey is as easy as possible and remove any confusion or points of conflict. However, Asda are extremely concerned around the position of HMRC regarding VAT. On 2nd June 2021 the Scottish scheme administrator, Circularity Scotland, was given the HMRC position that VAT would be applied to the deposit. In Scotland, as the 20p deposit has been set in legislation, this means the deposit is 17p with 3p VAT. Applying VAT on DRS deposits would be unprecedented, run counter to existing VAT guidance on refundable deposits, and could lead to increased prices for consumers. The position of HMRC is further confused with regard to zero-rate products. This will create huge challenges with regard to customer communications in terms of which products customers will get a full deposit back for (e.g. milkshakes) compared with vatable products (e.g. lemonade). HMRC have also indicated that the VAT can only be paid back if the deposit is returned in cash. If (as envisaged in the DRS scheme), customers are given a token or voucher, they will not receive the full deposit. Deposits could be paid directly into bank account via a smartphone app, but this would discriminate against customers who do not have smartphones or access to bank accounts. This is extremely confusing and a barrier for consumers in building trust in the DRS system. The deposit should not be subject to VAT.

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

Yes

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

Other

37.b 37.b If other please specify

We feel that the deposit should not be set above 20p, particularly bearing in mind the impact on multi-pack purchases which would impact lower income families hardest. For example, our 12 pack of own brand water is £1.59, a deposit of 20p will take it to £3.99; a 30p deposit would make it £5.19; a 50p deposit would be £7.59.

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?

The economic impact needs to be fully explored as this could lead to a significant price increase of multipack products. Across a whole weekly basket, the increase could be very significant. As a regressive cost, customers on lower incomes will be comparatively worse-hit. Where we would note caution is around the purchase of alcoholic multi-packs such as beer. Cans or bottles of beer help people to control their alcohol portions, however a significant increase in cost through a deposit could lead people to buy larger containers, for example 2lt bottles of cider, and consume more than they normally would. This would be an argument to have a lower deposit on multi-pack containers in order to promote better portion control.

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

Asda agree that it would be for the DMO to agree on the most suitable approach which should allow for flexibility in the future. Therefore, the legislation itself should not prohibit one or the other. The issue around deposit levels should be addressed following a close consultation with relevant stakeholders. However, it may make sense to link to what Scotland has set out for now to minimise fraud. However, there are areas which Government should consider when setting parameters for the DMO, these include: Who would approve the change? How often could it be changed? Parameters of % change Ensuring industry agreement We also seek confirmation from Government that the refundable deposits placed on in-scope drinks containers in the Scottish DRS (and in subsequent DRS systems introduced later across the rest of the UK) should not, and will not, attract VAT. Applying VAT on DRS deposits would be unprecedented, run counter to existing VAT guidance on refundable deposits, and could lead to increased prices for consumers.

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.

There should be the option of exemption for some smaller format retailers, or on landlord owned sites with a high number of retailers to be able to



retailers. Transport hubs are one example where a collective approach would be more sensible than each individual retailer having to take back containers.

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 3

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?

Yes

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

We foresee that there will be delays at peak times this will lead to bottle necks at machines. For example at Asda Linwood and similar large stores, we sell around 30k containers a day. We can envisage issues during weekends and Bank Holidays when people will save up containers and come to return them before they shop. These delays will be greater if the scheme involves the all-in and all materials model as people will have to queue to return different material types. For example, we have run a store RVM trial in Middleton, Leeds. During one week in January (post Christmas) we saw a 63% uplift in customers returning containers through the machines.

42.a 42.a Please explain your answer.

We are potentially trading away an effective recycling solution (kerbside), for an inefficient version that leads to more road journeys. Our preference would be not to include take back at this stage, but instead work towards a more efficient digital DRS which could be incorporated into consistent kerbside collection. This is also the feedback we are getting from customer insight groups. If that is not possible we would want glass to be taken out of take back collection. We have a number of concerns, many of which have become apparent in Scotland as we seek to operationalise the DRS system with the Scheme Administrator. Our concerns include: Hygiene in delivery vans – can we have dirty containers held in the same van that is also delivering fresh food? This will also impact on how many deliveries vans can make as space will need to be given to returned glass and uncrushed containers. This will inevitably increase number of road journeys. 25% of soft drink sales are online and this will lead to an issue of volume. In order for cans and containers to be scanned into RVMs, then must be intact to allow bar codes to be read. This will take up a large amount of space. Customers are also likely to return containers not bought directly from Asda for the sake of ease. Logistics – we are concerned how we track the return of containers on-line. There is no time for drivers to scan items at the point of pick up as they are on a tight schedule. This could lead to disparity between the number of items reported by a customer vs the number of items returned in the correct state and able to be scanned. Fraud prevention – this could happen where customers report a certain number of products at pick up, but hand over less than reported. There is also the risk of items being removed in transit and returned separately, particularly if pick up is carried out by a third party where it is harder to track items. This may also lead to double counting which could be significant if done on a large scale. We are also concerned about the increased operational cost at point of collection and point of return, as this will require additional staff to feed in containers and track deposits to be returned to customers. It will also add time to the driver journey and increase number of journeys. Glass is a particular issue, partly due to health and safety if glass is broken in transit. But glass is also heavy, takes up a large amount of space and will mean more journeys are required. Depending on how items are returned, if containers are sent back using a plastic bag, this is at odds with attempts to reduce single use plastic. Mesh bags would lead to leaks and more extensive cleaning would be required. Finally, since the idea of online take-back was raised, we have seen a significant rise in third party operators like Deliveroo and JustEat, and this creates a complication around who is responsible for online take back. During covid we have seen an increase in grocery retailers using external delivery companies. For example, would it be Amazon or Morrisons; Co-op or Deliveroo? In Scotland we are already seeing that this is an issue where it is unclear who is responsible. We feel that a better solution would be a kerbside DRS, where we can utilise a strong consistent kerbside collection, customers would be responsible for scanning items, it would reduce road journeys and reduce the risk of fraud in the system. It would also be a far easier customer journey.

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 do not agree with the proposed criteria for the calculation of the handling fee insofar as we are concerned that this fee is unlikely to be cost neutral to retailers or producers. We would welcome reassurance from Government that we will be reimbursed through a handling fee for any reasonable costs incurred. For some retailers the costs will be far higher than others. For example those retailers hosting RVMs. The scheme currently does not take account of the following costs: Significant in-store IT costs - changing pricing on till systems/shelves/online websites across thousands of lines; online take-back IT system will be costly to create Cost of changing labels across several thousand lines May require new fleet to manage take back and additional fuel costs of extra journeys Cleaning will be a significant cost to maintain RVMs and vehicles Building and property change costs to put infrastructure in place Signage Customer communications Staff training

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

Breach of safety X Close proximity X

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


We would support a sensible approach to exemptions depending on size, location and local high street layout.



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?

N/A


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 signpost consumers to the nearest return point 

46.a 46.a Anything else? Please specify

Where an outlet is subletting within a store with RVMs, they would not be required to signpost, for example a Greggs within an Asda store. Need to create a simple matching scheme to signpost to nearest RVM so that larger stores are not having to create individual agreements with a large number of small retailers. This would create a set signage a wording as part of shared materials.


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?

No 

47.a 47.a Please explain your answer.

From a customer point of view they need to know where the nearest return point is.

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.


Digital DRS (DDRS) is an emerging technology solution that has the potential to make DRS even more attractive and convenient for consumers of drinks both at home and 'on the go'. 15. The idea is that each in-scope container would carry a unique code, readable by a smartphone. Recycling bins, including kerbside bins at home, would also have scannable codes on them. When a customer wishes to return a container to redeem their deposit, they would scan the label on the container and scan a recycling bin. This would link to the central system, return the deposit to the customer, and cancel any further transaction on that container. We believe a Digital DRS has the potential to:

- a. Increase collection rates: as consumers can return their containers and redeem their deposits closer to where they are consuming them (home, on the go, or shopping).
- b. Decrease littering: as consumers will have more channels to return their containers when on-the-go, through smart bins, as well as retail return points.
- c. Reduce environmental impact: as consumers would not feel the need to drive to stores to return containers, avoiding extra traffic and related emissions.
- d. Support viability of kerbside collections: as Local Authorities and their waste contractors would be able to claim handling fees.
- e. Decrease fraud: as products would be scanned so a deposit could only be redeemed once, supported by technology such as blockchain.
- f. Cost less: as utilising existing infrastructure such as kerbside collections and retrofitting public bins could reduce the need for RVMs.

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

Blockchain technology - Unique barcode to prevent rescanning of containers, and it would reduce the risk of fraud as customers would scan products themselves and it could not be rescanned. Need to maintain success of kerbside

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?

Yes 

52.a 52.a Please explain your answer.

This will depend on strict MRF standards which will agreed with local authorities. These should be in line with EPR quality guidelines. At the moment containers are co-mingled in kerbside collection, and the success if reliant on how well MRFs manage containers.

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 would reduce costs of retailers running a variety of IT systems. There would be less human contact at various points at RVMs, which would reduce cost. Less carbon from fewer trips, both for customers coming back to store, and if online collection was included. Retailers could work with an infrastructure that already exists, rather than creating a new infrastructure with the attached costs. This gives customers what they want and makes them more likely to engage. Digital DRS would be fairer for customers with limited storage space; those without access to their



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. X

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

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

Take account of product weight and dimensions to prevent someone cutting off barcode and placing in the machine, so that the machine recognises that a product has been placed in the machine. For example a bottle could be cut in half and returned twice. Set a maximum number of containers that can be returned at a time which would deter people engaged in fraud. Communicate measures to ensure people are aware things can only be scanned once. Blockchain technology Often we focus on the customer point of return, however there would need to be robust accounting put in pace to ensure fraud is not taking place in other parts of the chain on a larger scale.

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.

No

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

Whilst it is possible that wrongly labelled products are sent to a market, and those products will need to be pulled, the risk is relatively low.

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

No

59.a 59.a Please explain your answer.

This should be dictated by the DMO or devolved Governments to ensure consistency.

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?

Asda is also a producer, and for us to make labelling changes across several thousand items takes around 42 weeks. However, this also has to be balanced with labelling changes being required by EPR legislation and new labelling requirements being developed for High, Fat, Sugar, Salt (HFSS) items. Currently Government proposals have all of these labelling changes landing at a similar time. As a retailer and producer, we would like to see all labelling requirements to be aligned with clear industry requirement. This means only going through the significant changes and costs once, rather than several times. If the labelling requirements are aligned then it means less waste when products need to be pulled as labels are no longer compliant. Again, it is imperative that there is alignment across nations to reduce complexity and cost in the system.

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

Yes

62.a 62.a Please explain your answer.

Asda will need to put significant investment into our internal IT systems and online customer facing systems across thousands of lines. We will also need to change our shelf edge labelling within store. We will also need to make changes to our logistics at a depot level to track items through the supply chain and track any waste items which fall within DRS. We will also need to ensure stores which offer online deliveries across borders are able to properly track in scope items e.g. Carlisle delivering to Scotland and Welsh/English border. We will also need to ensure that our depots

Ireland and we are already having to make changes with regard to labelling of products to comply with agreements with the EU. DRS schemes which vary in nations will create further complexity at depots.

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?

Further investment in blockchain technology and QR codes would be useful in reducing the risk of fraud in the system.

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

Realistically, it is unlikely that LAs will be able to separate at sufficient scale and quality DRS items, without additional pressure and costs on the kerbside collections. Another layer of complexity is the different collection methods across the UK (separate collections or co-mingled) as well as the costs of retrofitting existing MRFs to sort DRS material. These costs will be prohibitive to many LAs. DRS should complement kerbside collections – not disrupt them.

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.

DRS material collected through kerbside should be kept as minimal as possible, as businesses will be paying for the dedicated DRS route. Options for renegotiations should be left open however, these contracts are often long-term and encompass tailored and cost-efficient waste management services.

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?

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?

Not answered

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

None

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?

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?

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.



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

Need to monitor and report non-compliance

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.

There needs to be an approach as to how the enforcement response will tackle fraud and illegal free-riders activity that could arise from fragmented DRS operating in one single UK market.

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?

It would be beneficial for EPR to be in place and operating effectively prior to DRS being brought in, to generate funding for the wider infrastructure of recycling and reprocessing in the UK. This could also help ensure that all materials are covered and there are not loopholes to be found in substituting materials that are not yet covered by other legislation. Apart from EPR, DRS will also be impacted by other legislation, including new HFSS legislation which will also have a component to change labelling. Due to the time and cost of altering labels, and the potential waste of containers unable to be sold because they are not compliant, we would urge the Government to ensure all legislation works together to allow producers to make a single label change for all new requirements. The timing of recruitment of the DMO is critical. From the experience in Scotland, if this is delayed then this may lead to a further delay in setting up the system. Not least because once recruited, the DMO still has to put together a team, recruit members and develop exactly how the DRS system will work.

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)

From our experience in Scotland, a minimum of 2 years is a more realistic timescale bearing in mind setting up the company, making detailed decisions about membership and internal constitution, developing a detailed plan to implement the DRS system and communicate this to producers and retailers. Once the detail is agreed, it then allows investment to be made in the right infrastructure including RVMs; online take back systems if applicable; make IT investment and changes; and make labelling changes which can realistically take up to a year over several thousand lines.

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?

All-in will be the more difficult if there is a take-back requirement as this will require more significant infrastructure.

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

Asda are supportive of creating a DRS system which puts the customer experience at its heart, making it as easy as possible for consumers to make the right choices and recycle their containers. However, we do feel that there are aspects which are extremely challenging and will need fully thought through if an effective DRS system is to be put in place. Our learnings from Scotland have shown up levels of complexity which could severely delay or curtail the successful implementation of a DRS scheme which is supported by the public and which meets its goals. One of Asda's key areas of concerns is how a new DRS system will work in partnership with EPR and other waste management proposals, and sequencing of implementation will be key to success. We are also concerned about the cumulative burden of legislation, which will impact on our operations and successful delivery of a range of Government schemes. Not least, labelling changes in EPR, DRS and in new HFSS legislation. These need to be aligned so that retailers and producers only need to undertake one round of label changes. This will reduce cost, time and wastage of products which do not meet compliance standards. Asda are extremely concerned around the position of HMRC regarding VAT. On 2nd June 2021 the Scottish scheme administrator, Circularity Scotland, was given the HMRC position that VAT would be applied to the deposit. In Scotland, as the 20p deposit has been set in legislation, this means the deposit will be 17p with 3p VAT. Applying VAT on DRS deposits would be unprecedented, run counter to existing VAT guidance on refundable deposits, and could lead to increased prices for consumers. The position of HMRC is further confused with regard to zero-rate products. This will create huge challenges with regard to customer communications in terms of which products customers will get a full deposit back for (e g milkshakes) compared with vatable products (e g lemonade) We would urge the Government to



Ultimately, if these costs are not covered through the handling fee, then they will be passed onto consumers, which will significantly impact those families on lower incomes. The scheme must also be as close as possible across the four nations, which in turn will keep down costs, reduce confusion for consumers and reduce the possibility of fraud. But where decisions made for Scotland are indicating high levels of complexity, challenges and health and safety concerns for customers and retailers alternatives should be considered, for example in regards to grocery home shopping collection and the inclusion of glass. In terms of online collection, this is extremely complex with several unintended consequences, including increased road journeys, food safety and health and safety risks and significant additional cost which will ultimately be passed onto the consumer. For an optimum customer experience, which is fully inclusive of those people with reduced mobility; those living in smaller homes and those without access to a private vehicle, we would support a form of digital DRS utilising existing kerbside collection. Following on from customer focus groups, this was viewed as the simplest way to engage customers and make the process as easy as possible. Our learnings from Scotland have shown the scale of work that the Deposit Management Organisation has to undertake upon appointment, for example setting up the company, hiring staff, making detailed decisions about fees and establishing technology and data reporting systems. Realistically 2 years from the DMO being appointed to the scheme going live is a more realistic timescale given these factors. Finally, we do not feel that the impact assessment has fully considered options which exclude glass from the mix. Glass adds significant complexity, cost, Health & Safety issues and potential additional road journeys. We would ideally prefer a DRS system which excludes glass for these reasons.

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