

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]@diageo.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?

Diageo Great Britain

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

No

UI Unique Identifier:

Unique Identifier

DRS in a post-Covid context

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

Support

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

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

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.

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

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Yes

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

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.

It is vital that any Deposit Return Scheme in England, Northern Ireland and Wales is as coherent and consistent as possible, as well as being aligned with Scotland's scheme, to promote high recycling rates across the UK and ensure simplicity for consumers and businesses alike.

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.

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?

Diageo is supportive of the introduction of an 'all-in' Deposit Return Scheme that is consistent across the UK. Our drinks are made to be enjoyed responsibly and as part of a balanced lifestyle. As a producer of iconic Scotch Whisky, Gin, Rum and other spirits categories, typically sold in bottles of 700ml, these products are not for 'on the go' consumption.

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

Difficult to say

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

Diageo is a manufacturer and exporter of a significant number of iconic spirits brands, including Johnnie Walker, Gordon's Gin, Pimm's and Smirnoff. These products rely heavily on glass and our Scotland-based packaging plants source the vast majority of glass in the UK, with small quantities of specialist glass imported from outside the UK. As mentioned previously in this consultation response, Diageo is supportive of a UK-wide Deposit Return Scheme, which promotes and protects recycling rates in the UK, especially of glass, and ensures the return of high-quality recycled glass back into the system for re-use. In order to meet this objective, we encourage the UK Government to thoroughly assess the impact of Reverse Vending Machines on the quantity and quality of recycled glass being collected in this way, to ensure that the glass being returned through a Reverse Vending Machines is not rendered un-recyclable, and therefore undermining the system.

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

Yes

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

Yes

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

Yes

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

Chapter 2: Targets



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

90% collection rate should be achieved for all materials

▼

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

Yes

▼

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

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

The 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.

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?

N/A

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?

3 - 5 years

▼

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

Yes

▼

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

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 .

The Key Performance Indicators should be set and managed by 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

This should be left to the DMO to design and develop once a Deposit Return Scheme is set up

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

Yes

▼

Chapter 4: Financial Flows

30.a 30.a If any other please specify

Both.

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

Other



No

31.a 31.a Please explain your answer.

Diageo is a supportive of a UK-wide Deposit Return Scheme, which promotes and protects recycling rates in the UK, especially of glass, and ensures the return of high-quality recycled glass back into the system for re-use. It should be the role of the DMO to continually track and understand if the rate of unredeemed deposits is increasing or decreasing as well as what is happening to recycling rates within the scheme's jurisdiction.

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?

N/A

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.

We support this decision being made through the DMO

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 support this decision being made through the DMO

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 support this decision being made through the DMO. A stable deposit level that is consistent across the UK will be vital for consumers and business alike.

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?

More details would be required on the design of a UK Deposit Return Scheme before we can fully understand the impact of the scheme on consumers buying products in multipack format. Minimising this would need to be decided and worked through by the DMO. Diageo is supportive of a UK-wide Deposit Return Scheme, which promotes and protects recycling rates in the UK, especially of glass, and ensures the return of high-quality recycled glass back into the system for re-use. When considering how best to minimise the impact of the scheme on consumers, retailers and producers, any proposal relating to multipacks needs to ensure that the process of labelling, returning and recycling a product, if sold in multipack, remains simple for manufacturers to deliver operationally, efficient for retailers to take back and easy for consumers to understand when redeeming a deposit. The more complexity added into the Deposit Return Scheme, the more likely it is that deposits will go unredeemed and that recycling,as well as re-use rates are reduced.

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



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.

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 2

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?

42.a 42.a Please explain your answer.

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

Yes

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

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

Diageo is supportive of a UK-wide Deposit Return Scheme. Given both exemptions are in place in within Scotland's Deposit Return Scheme,it is important to have a consistent scheme across the four nations.

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 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.

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?

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



alternative to a Reverse Vending Machine based Deposit Return Scheme. Whilst it is too early to know which type of scheme would be most effective, we believe a digital Deposit Return Scheme should be considered as part of the entire approach and assessment when designing an effective, long term Deposit Return Scheme for the UK.

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

Whilst it is too early to know whether a digital Deposit Return Scheme is the most effective way forward for the UK, a digital system would help control against fraud. Under a digital system,once a deposit had been redeemed it wouldn't be possible to redeem it a second time, preventing the risk of fraud.

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

52.a 52.a Please explain your answer.

It is too early to know at this stage.

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

It is too early to know at this stage.

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?

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

N/A

Chapter 6: Labelling

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

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?

N/A

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?

No

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

Yes

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

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

Yes

59.a 59.a Please explain your answer.

While there will be certain requirements of labels under any Deposit Return Scheme to ensure against fraud and provide clarity for consumers, this should be decided and implemented by the DMO. Diageo is supportive of a UK-wide Deposit Return Scheme. Scotland do not intend to implement mandatory labels within the legislation. Enabling the DMO to decide and implement what labels will be needed would enable the DMO for England, Wales and Northern Ireland to consider alignment with the system in Scotland.

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

N/A



No

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

The length of time it would take to make the necessary label changes for a Deposit Return Scheme will depend on whether the timeframe requires new labels to be in production and added to packs and containers as those with old labels are depleted, or whether the expectation will be for every pack or container to display the new label immediately. The latter option would require the replacement and destruction of large quantities of products currently in the market, which we believe runs contrary to the spirit of a Deposit Return Scheme, increasingly recycling rates across the UK and promoting environmental sustainability.

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

Yes

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

Chapter 7: Local Authorities

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

Yes

**64.a** 64.a Please explain your answer

Any decision with local authorities on the collection of unredeemed deposits should be the responsibility of the DMO and should continue to engage recycle rates.

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

Yes

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

Any decision with local authorities on the collection of unredeemed deposits should be the responsibility of the DMO and should continue to engage recycle rates.

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?

We believe this should be the responsibility of the DMO to outline.

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.

N/A

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

N/A

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?

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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?

N/A

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. reproprocessors or exporters.

N/A

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

N/A

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

N/A

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

Yes

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

Chapter 9: Implementation Timeline

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

Diageo is supportive of a UK-wide Deposit Return Scheme that protects and promotes recycling rates across the UK and ensures resources are being returned into the system for re-use.This is a major change to the way we recycle in the UK and we would encourage the UK Government to ensure all the necessary assessments are made to ensure we are designing and implementing an effective and manageable long term scheme, that sets the UK up for success. Any consideration of the timeframes for a Deposit Return Scheme should be made with the newly updated Extended Producer Responsibility legislation in mind, so that both systems are aligned and complimenting each other. It is vital that industry,local authorities and consumers have clear information, clear timelines, and are not overtly penalised where errors in compliance are made as a result of confusion arising from concurrent timescales.

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

Any other (please specify)

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

24 months +

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

We believe 24 months is a more realistic timeline

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?

N/A

Chapter 10: Summary of approach to Impact Assessment

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

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

N/A



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RT Response Type

Email Questionnaire

NF Non-fitting

[Editor's note: Additional answer to Q4 below] As the UK's leading producer of beverage alcohol, we support the UK Government's ambition to move towards a more circular economy, where resources are reused and recycled, and we welcome the opportunity to respond to this consultation on a Deposit Return Scheme for England, Wales and Northern Ireland. Diageo is one of Britain's largest and most innovative companies, manufacturing and exporting goods from across the UK. Our iconic products such as Guinness, Pimm's, Gordon's Gin and Johnnie Walker are sold in more than 180 countries around the world and we employ around 5,000 people across 60 UK sites based in Scotland, Northern Ireland and across England. We are proud to be part of the spirits industry –one of the country's most strategically important sectors – which contributes £5 billion to the UK economy every year. The spirits industry in the UK employs around 180,000 people directly and a further 110,000 through the supply chain, with most of these jobs located in rural and economically disadvantaged areas. We firmly believe that business should act responsibly, on behalf of the communities in which it works and inNovember 2020 we launched our new 10-year sustainability action plan, 'Society 2030: Spirit of Progress', which includes our commitment to reach net zero emissions in our direct operations globally by 2030. Our ten-year action plan also includes a commitment to ensure we are using 100% recycled content in plastic packaging and that 100% of Diageo's packaging globally is widely recyclable. As part of this work, Diageo recently collaborated in a successful pilot project to pioneer the lowest carbon footprint glass bottles ever produced for a Scotch whisky brand. The collaboration with glass manufacturer Encirc and leading industry research and technology body Glass Futures, used waste-based biofuel-powered furnaces to reduce the carbon footprint of the bottle-making process by up to 90%. This successful project is part of the Department for Business, Energy and Industrial Strategy (BEIS) Energy Innovation Programme. Given our significant manufacturing presence in Scotland, Diageo has positively engaged with the Scottish government on the design and implementation of their Deposit Return Scheme to date. It is crucial that any Deposit Return Scheme in England, Wales and Northern Ireland is aligned with the scheme in Scotland, to ensure a coherent and consistent system for consumers and businesses alike. The introduction of a Deposit Return Scheme in England, Wales and Northern Ireland will be a major change to how individuals and businesses recycle in the UK. We therefore encourage the UK Government to undertake a thorough and comprehensive approach when designing and implementing such a scheme, to ensure that is set up for success for the long run, promotes and protects high levels of recycling across the UK, is simple for consumers to understand and sustainable for businesses up and down the supply chain. Additionally, as we work towards achieving greater circularity, it is vital that any Deposit Return Scheme ensures that recycled materials find their way back into regional supply chains, enabling local re-use and a closed loop of materials. We look forward to engaging with the UK Government on this subject throughout the consultation process [Editor's note: Additional answer to Q9 below] We are supportive of a system that makes it as easy as possible for consumers to recycle through a Deposit Return Scheme and therefore any deposit should be accepted regardless of whether a consumer still has the cap or not. [Editor's note: Additional answer to Q13 below] An 'on-the-go' DRS in England, Northern Ireland and all-in in Scotland andWales would create even greater consumer confusion than having an all-in scheme UK-wide. These arguments are true irrespective of the additional impacts of Covid-19. [Editor's note; Additional answer to Q49 below] Too early to know. [Editor's note: Additional answer to Q55 below] While there will be certain requirements of labels under any Deposit Return Scheme to ensure against fraud and provide clarity for consumers, this should be decided and implemented by the DMO.

DS Date Submitted

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