

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] @heineken.co.uk

Q3 (ST) Q3. Which best describes you?

Product designer/ manufacturer/ pack filler

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

Retailer including online marketplace (Through our Star Pubs & Bars business)

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

Heineken UK

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?

Not sure

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

Whilst we support the aims of the DRS, we believe there must be a minimum of an 18-month implementation period from when the DMO is in place. The outcome of the review of the Scotland DRS timeline should also be considered. Given that pre-Christmas and immediate post-Christmas periods should be avoided, early 2025 may be more realistic. The hospitality industry has been heavily hit through the pandemic and must be allowed time to recover. Having said that, alignment with the transition to a new EPR regime is also vital to ensure that DRS materials are not captured twice or bear double-costs during any crossover period. Alignment with Scotland is key and the ambition must remain for a single UK wide scheme or at least full inter-operability between schemes as soon as realistically achievable. We would also like to see the inclusion of a system to collect refillable glass as part of the DRS. Refillable glass has 80% lower CO2 emissions (vs one-way glass) and facilitating the reintroduction of refillable glass back into the UK would be a key step forward in making our economy more circular.

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

Yes, a detrimental impact

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

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

The costs and demand impacts on producers producing large volumes in small pack containers and multi-packs will be significant. Moreover, the pub and wider hospitality sector recovery period will also be a long and fragile one and this is why we need to ensure that the industry is helped through this The implementation timeline will be a challenge for every producer retailer and hospitality operator. We need to ensure that enough time is given to the setup of the scheme to ensure the best long-term impact. Alignment of DRS as quickly as possible across the UK is very important as there will be significant cost and complexity for both producers and retailers for any period when there is a difference.

Chapter 1: Scope of the Deposit Return Scheme

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

Aluminium bottle caps on glass bottles 

Plastic bottle caps on plastic bottles 

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

Yes

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

Yes, but whatever the pros and cons of the various schemes, we believe that consistency of schemes across the UK is by far the most important factor.

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.

As above, consistency is the most important factor, and inconsistency always leads to additional cost and administration. Some of the issues we foresee revolve around fraud, complexity, the cost on producers and the impact on retailers. The only way to create an efficient scheme is to have a single unified scheme.

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.

As both Scotland and Wales are implementing all-in, opting for on-the-go for England and N.Ireland will create a disunited & fragmented DRS that would create huge operational challenging for DMOs, producers and retailers and may lead to unintended consequences.

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)?

Not answered

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?

Not answered

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

It is important that RVMs have soft drop capability to keep the glass in manageable sizes that can be recycled. RVMs that simply crush glass will lead to a poorer residual value for the scheme and will therefore mean greater contributions from the scheme members. As noted previously we also see a big opportunity as part of the roll out of DRS to create the infrastructure to handle refillable glass bottles which have an 80% lower CO2 footprint vs one-way glass. This would require RVMs that keep refillable glass bottles intact. Facilitating the reintroduction of refillable glass back into the UK would be a key step forward in making our economy more circular. There is a potential missed opportunity in the UK's path to reduce Co2 emissions if DRS infrastructure is set up in a way that is not also capable of handling refillable glass. Significant investment is required by a producer to create capability for refillable glass We would invite the government to provide positive incentives to the industry (both producers and retailers)



keep any unredeemed deposits. The producer fee for refillable glass should reflect the costs of efficiently handling refillable glass through 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.

We believe this could have unintended consequences as some producers may decide to utilise 2L PET bottles for products like beer – instead of using smaller glass bottles in particular. The level of the Producer fee may also vary and could lead to switching as well.

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

It is not reasonable to assume that without any evidence. Collections that rely in part on kerbside is likely to stop the DMO delivering the quality of recyclates required.

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.

Producers will need to notify the DMO of product placed on the market for deposits and fees to be calculated, but retailers will also need to be involved in reporting as producers cannot dictate the final use of a product by their customers – only retailers can do this. It is worth pointing out that the scheme administrator also needs to be reporting on product through the system

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?

The DMO will have to provide the evidence and the regulator will need to audit this through a paper trail. It is vital that an explanation of the evidence that shall be given is included in the tender and contract process for the DMO. This evidence will be vital to ensure that plastic is not simply being shipped off somewhere and burnt. That could still be reported as collected and evidence provided that it was then sold to a “reprocessor”.

Chapter 3: Scheme Governance

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

7 - 10 years

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

Yes

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 .

Yes – some, but not all. For example, the DMO isn’t responsible for RVM maintenance. It may be worth including KPIs that take into account cost controls and the efficiency of the scheme. To help with this, comparisons can be drawn with the Scotland scheme to assess the performance of 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

We don't believe so. If it does, then we need to understand what this means for the relationships between the DMO and the 4 Governments in practice. The need for integrated systems will require joint working between DMO and the regulator.

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

Any other – Yes, both of the above

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

Taxable Turnover × Drinks containers placed on the market × Other ×

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

No

31.a 31.a Please explain your answer.

The measures put in place by the Government will go a long way to ensuring any risks are well-managed. This will include creating a not-for-profit organisation; setting ambitious collection & recycling targets; a vast network of return points; and public comms campaigning. Minimising use of kerbside collections for DRS in-scope materials is vital for the DRS to achieve its desired goals. Having said all of this of course, it is dependent on what is classed as high. Obviously a 50% unredeemed number would be a problem and would show the scheme has failed. But a more manageable number would not be a problem.

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 floor has to be lower than the example given. If anyone, the DMO should set that floor, not the Govt

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 do not believe that such a floor is in the interests of the scheme.

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

Reinvested in the scheme

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

Other



36.a 36.a If other please specify

We do not believe that a figure should be stipulated in law – we believe the DMO should be responsible for setting the figure to achieve the correct return rate, and that it will naturally most likely fall in line with the Scottish rate – but should not be legislated for. We would like to raise here our concern over the fact that HMRC have written to the Scottish Government to advise them that deposits will be subject to VAT. We do not understand how this can be the case. VAT is a tax that is applied to the purchase price of goods and services, and a deposit is neither of those. A deposit is essentially a loan from the consumer into the system which will be paid back on return of the product. Is is neither a good nor a service and the consumer receives no discernible benefit from the charge. The deposit should be considered separate from the cost of the product. The application of VAT to the deposit fundamentally changes the economics of a deposit return scheme and the Government should review this policy as a matter of urgency.

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

As above, we believe it should be for the DMO to decide on any maximum figure.

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?

It would be possible for the DMO to set a flexible deposit level for multipacks, as long as the multipacks could be returned as a full unit. One important aspect that has not been considered yet with the scheme is that of reusable and refillable bottles. The Government should be future proofing any scheme to make allowances for producers to collect glass whole, wash and refill. The current scheme in Scotland does not have refillable containers in scope, and this is an opportunity to correct that omission. The convenience of being able to return whole crates of empty bottles for refill will be a key part in incentivising consumers to continue to purchase multipacks.

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

This decision is best left to the DMO, rather than it be a political decision with input from several different governments who may not agree. It is important to address the issue of multi-pack concerns and the disadvantages on small containers.

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?

No

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

No – in line with Scotland, if retailers are situated in shopping malls or communal shopping areas, then it would be appropriate for their customers to have access to a communal return point. However – every consumer purchasing from a retailer must have access to a return point, so there should be limitations on exemptions.

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?

Yes, this is a significant piece of consumer behaviour change and needs to be well managed. In particular, consideration must be given to the needs of vulnerable citizens. Many citizens have Assisted Collections from their respective local council because mobility issues mean they cannot take their recycling bins from the front door to the kerbside The DMO bidding process will need to include the needs of vulnerable citizens as part



42.a 42.a Please explain your answer.

It is important for small businesses and those with ancillary sales through delivery with meals (such as pubs) that there is not a requirement to takeback these very small volumes which would be impractical and costly. As long as there are suitable mechanisms for consumers (central collection, local return points), this should not be an issue and should also be consistent with Scotland.

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 safetyClose proximity

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

Both of these are important and are in place in the DRS in Scotland. 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?

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 pointSignage to signpost consumers to the nearest return point

46.a 46.a Anything else? Please specify

Yes, we believe this signage would be helpful to consumers. We don't however believe it should apply to closed loop on trade premises (such as pubs) where the deposit will not routinely be charged to consumers.

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?

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.
This should be something which the DMO could explore at an appropriate time – but we do not believe that it is feasible ahead of 2024.

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

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.

No – we do not believe a digital solution is appropriate to the deposit return schem

53 53. If the digital DRS system can be integrated into the existing waste collection infrastructure would its implementation and running costs be



No The best performing DRS invests in a national network of return points that capture 90%+ of in-scope materials. Kerbside collections of in-scope materials should not be positioned as a solution.

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. ✕

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

Yes – consistency across systems is the key way to reduce fraud across the systems.

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.

Yes – the borders between the countries – particularly between England and Wales and Scotland and England – are porous and product crosses the borders frequently. At the border of North Wales and England it is common for people to live and / or work in one country and shop in another.

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.

We believe the DMO could be capable of determining the full labelling requirement if given powers to do so.

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

Some smaller producers may be able to manually sticker, but this is absolutely not possible for larger producers.

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

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

18 months is an extremely tight timescale and should be provided as an absolute minimum. We are being asked to make multiple changes to labelling, and additional labelling challenges like this only add to the cost and complexity and so notice is needed as well as an understanding across Government departments of the pressure on producer labelling.

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

Yes

62.a 62.a Please explain your answer.

Yes We should not be asking producers to change processes as part of labelling requirements – they should be capable of being incorporated into current processes.

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



We expect approximately 7% of all deposit return scheme containers placed on the market to continue to be collected by kerbside collections. 85% return rate and 20p deposit, the expected maximum potential value of unredeemed deposits that would correspond to recyclability of any kind from recoverable kerbside collections would be approximately £359m. This is assuming the current 70% recycling rates in kerbside collections continue post deposit return scheme. Propose three options for this stream that ends up in kerbside: Option 1: Do nothing; Local authorities redeem deposits of deposit return scheme containers in collection streams.

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

The default position should ensure minimal DRS materials go via local authorities, meaning separating large quantities of materials will not be necessary, nor will time have to be spent drafting agreements with MRFs

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.

The scheme should be able to avoid such negotiations by ensuring that the minimal amount of material is dealt with through kerbside collections. Option 2: The Deposit Management Organisation makes payments for deposit return scheme containers appearing in all local authority waste streams (preferred option)

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

If producers are indeed able to capture over 90% of in-scope DRS materials as set out in the targets for the DMO, there is little value in additional funding given to developing kerbside compositional analyses.

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.

As above

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.

a. Option 1 – However, the DRS should minimise the need for payments by producers by aiming to capture over 90% of recyclates at return points and avoiding the use of kerbside collections.

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?

Not answered

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.

Yes Any legislation on the DRS must appropriately cover any issues regarding potential fraud across all four nations.

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



scheme for financial gain.

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

Yes

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?

We are concerned about the gaps between the introduction of the EPR and the introduction of a DRS. Producers are going to have to cover the increased costs of EPR – and the model will then change again as the products included in the DRS are suddenly removed from EPR. These costs are going to have to be covered whilst producers and retailers are also paying to establish the DRS.

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)

Two years is a more realistic target. However, due to the DRS being in place in Scotland and the EPR reform, 18 months should remain the ambition so long as a pre-Christmas implementation is avoided.

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?

The decision to implement an all-in scheme or an on-the-go scheme will have a huge impact on the implementation period. Implementing a different DRS framework in the different nations will inevitably create longer development timescales, as well as more chaotic and disrupted supply chains.

Chapter 10: Summary of approach to Impact Assessment

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

Not answered

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

ES Email Subject

Introducing a Deposit Return Scheme - Consultation

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NF Non-fitting

Please find attached the response from HEINEKEN UK [Editor's Note: text from attachment follows] [Editor's Note: Introduction summary below] Headquartered in Edinburgh, HEINEKEN is the UK's leading pub, cider and beer business. We own around 2,500 pubs as part of our Star Pubs & Bars business and employ around 2 300 people directly – with many thousands of people employed indirectly Our portfolio of brands includes many



consultation responses from our Trade Associations the BBPA and the NACM. 1. The biggest factor for us in considering this consultation is that we do not believe the stated timelines work. In order to avoid consumers and businesses paying twice, any DRS should align with EPR (even if that means an earlier date for DRS). 2. Producers also need any DRS to align across nations – consistency of schemes is vital to ensure maximum efficiencies and to minimise the extent of fraud. 3. Consideration has not been given in this consultation to the inclusion of refillable bottles. We believe this is a missed opportunity and does not future-proof the scheme. We believe due consideration should be given to refillables and how they could play a part in the circular economy of the future. 4. The integrity of material is a vital part of any DRS, we therefore need to ensure that Reverse Vending Machines keep glass intact as much as possible. RVMs which crush glass bottles will considerably impact the quality of glass collected, and the market for that glass. [Editor's Note: text from Question 7 follows] c.) Large impact but still manageable. The most important thing is that DEFRA must ensure a balance between environmental gain and proportionate economic cost for all concerned. [Editor's Note: text from Question 9 follows] It makes sense for bottle tops which will soon be attached at the point of manufacture to be included in a scheme. There should be no requirement that aluminium caps must be attached / reinserted in order for consumers to regain their deposits as this is not practical. [Editor's Note: text from Question 13 follows] Notwithstanding the answer we gave to Q12, we believe that ultimately an on the go scheme would cause the least amount of disruption to consumers. However, we also believe that the impact of such a scheme would be less and the overall complexity would be greater. More broadly, there appears to be no substantive benefits businesses of an England/NI 'on-the-go' scheme that would warrant choosing that option over an all-in solution UK-wide [Editor's Note: text from Question 16 follows] In terms of the present values, a deposit return scheme with glass has a present value of benefits of £12.23 bn. compared to a present value of benefits of £9.07 bn without glass over a ten-year period. In terms of the benefits/cost ratio, that for a deposit return scheme with glass is 1.93, whilst that of excluding glass is 1.65. The assessment is conducted on the basis that the currently available reverse vending machines, which will be the main receptor for returned containers, will be readily capable of compacting glass into suitable pieces. The compaction will involve breaking glass bottles into 4, 5, or 6 separate parts and is to be clearly distinguished from crushing glass. The advantage of such compaction is that it substantially reduces the volume and thereby the storage and transport costs compared to whole, "soft drop", bottles. It also avoids the difficulties involved with crushing glass on collection which results in material loss as well as impacts on the ability to separate different types (e.g. colours) of glass. This analysis is set out in the accompanying Impact Assessment²⁴. [Editor's Note: text from Question 18 follows] We have previously raised concerns about the operational challenges of glass within a DRS, and the costs, and we believe that these remain. However, with Scotland including glass with DRS and the wider support for glass within a DRS, we believe the priority now is for a consistent approach across the UK in terms of materials in scope. [Editor's Note: text from Question 20 follows] This would be in line with Scotland – and it's worth noting that these targets would be significantly more ambitious than recycling targets for these materials within wider EPR proposals. [Editor's Note: text from Question 21 follows] Once again, this aligns with Scotland. [Editor's Note: text from Question 23 follows] We do not propose that recycling targets should be imposed on the Deposit Management Organisation in addition to collection targets. We consider the point of recycling is when the Deposit Management Organisation passes deposit return scheme material to a reprocessor. Evidence will therefore be required from the Deposit Management Organisation to demonstrate that deposit return scheme material has reached the point of recycling where no further sorting, cleaning or processing is required. [Editor's Note: text from Question 24 follows] The role of the DMO a. Be legally responsible for high collection targets set by Government b. Set producer/importer fees. c. Be responsible for tracking deposits and financial flows in the deposit return scheme. d. Set and distribute the handling fees for return points. e. Own the material returned by consumers f. Reimburse and manage the contracts of those transporting drinks containers to recycler/counting centres. g. Measure and report recycling rates to Government. h. Setting deposit levels within parameters set by Government. i. Run communications campaigns to aid consumer and retailer understanding of the deposit return scheme. j. Be responsible for ensuring that there are appropriate provisions for drinks containers in place and that these are accessible to all populations. k. Ensure financial provisions are made available to pay local authorities for deposit return scheme material appearing in kerbside. l. Interact with other scheme administrators. [Editor's Note: text from Question 25 follows] The First five years are going to be focused on setting up the DMO, and the DMO will then need at least three years of normality. Given that a deposit return scheme is a method of producer responsibility for drinks beverage producers, it is our preference that some relevant drinks producers associations are involved in any successful bid. It is equally important that retailers or trade associations representing retailers are involved, as this will be a return to retail deposit 40 return scheme. 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. As part of the tender process, bidders will be asked to answer questions regarding how they plan to run the deposit return scheme. These questions could include topics such as: - Outlining a plan to demonstrate how the organisation will meet the stated objectives of the scheme. - Ensuring representation and feedback from a wide variety of affected stakeholders throughout the decision-making process. - Ensuring clear dispute resolution pathways are set out and accessible to all affected parties. - Outlining a clear communications strategy and how its performance would be evaluated, including wider messaging such as anti-littering and behaviour change campaigns. - Outlining a methodology for how handling fees and producer fees would be determined. - Outlining the environmental ambitions of the operation of the scheme itself. - Overall cost plan for the scheme and how you will maximise value for money, including proposals for using unredeemed deposits effectively – how to achieve the outcomes at the best cost. - How the consumer experience will be managed and enhanced ensuring deposits are as easy to redeem as it is to purchase the drink in the first place. - How innovation could be deployed to maximise the effectiveness of the scheme.- How existing collection and recycling infrastructure could be utilised to provide greater value for money. - What fraud prevention measures will be included and how fraud will be managed and minimised. - Demonstrating the social value that the scheme will deliver, and specific initiatives bidders would employ to maximise this value. [Editor's Note: text from Question 32 follows] Option 1 - Allow unredeemed deposits to part-fund the scheme [Editor's Note: text from Question 35 follows] We do not believe there will be any excess funds in the system – the system will fall short of being self-funded and excess costs will already have to be met by producers. Taking funding out of the scheme will only lead to more costs on producers, and ultimately consumers. [Editor's Note: text from Question 42 follows] Handling fee criteria should take into account the requirements for: - Costs of purchase, lease, maintenance or upkeep of any collection/storage infrastructure, including any vehicle used for collections. - Costs of materials for collection/storage of containers - Space requirements of return point - Staffing - Utility costs of operating the return point (e.g. electricity) The calculation and modelling of the retailer handling fee will be left to the Deposit Management Organisation to determine. Online retailers will also receive a handling fee to cover the costs involved to them providing a take-back service. This would only be paid to the retailer, not to couriers for example, who may be operating on behalf of retailers in making deliveries of their goods. [Editor's Note: text from Question 43 follows] The DMO will need to agree an exact methodology accounting for criteria set. In Scotland, this calculation is being overseen by an independent body. We would advocate this also for use in England, Wales and Northern Ireland. [Editor's Note: text from Question 48 follows] We believe the DMO could be given the leeway to offer 1 year, 3 year and 5 year exemptions as befits the merits of each case. [Editor's Note: text from Question 49 follows] No – not yet We do not believe technological solutions should be considered until they are proven to be cost saving and efficient, whilst still enable the DMO to deliver their targets. Convenience should not be allowed to trump the DMO's legal obligations to deliver in accordance with the contract it has signed with each Government. Using kerbside services would be a failure of the DRS and apps would mean large amounts of recyclates get diverted to

difficulties retailers will have accommodating RVMs. [Editor's Note: text from Question 55 follows] The DRS in England, Wales and Northern Ireland should all align with Scotland on the above points – but producers will not be able to deal at scale with individual markings. Any markings used will need to be the same on all containers. [Editor's Note: text from Question 57 follows] No The aim should be for labelling to be consistent across the four nations. Consideration should be given to labelling and design requirements in the DRS in Scotland to ensure all are aligned. [Editor's Note: text from Question 63 follows] Labelling considerations should take account of the latter possible introduction of refillable containers into the scheme (see answer to question 38) [Editor's Note: text from Question 66 follows] Option 3 – Hybrid option. The Deposit Management Organisation pays a deposit value on containers that are returned and any additional deposit return scheme material in local authority waste streams is covered by a funding formula [Editor's Note: text from Question 74 follows] Yes - However, it is vital that the possible activities of organised criminal gangs are sufficiently covered when considering the levels of fraud that could be perpetrated against the system.

DS Date Submitted

